



Australian Government

**Department of Broadband,
Communications and the Digital Economy**

DEPARTMENT OF BROADBAND,
COMMUNICATIONS AND THE DIGITAL ECONOMY

Annual Report 07 | 08



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For further information about this report contact:

Manager
Corporate Planning and Reporting
Department of Broadband, Communications and the Digital Economy
GPO Box 2154
Canberra ACT 2601

Telephone: 02 6271 1000

Fax: 02 6271 1901

Email: dbcde.mail@dbcde.gov.au

Internet: www.dbcde.gov.au

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Letter of transmittal



Australian Government
Department of Broadband, Communications
and the Digital Economy

Patricia Scott

Secretary

Senator the Hon Stephen Conroy
Minister for Broadband,
Communications and the Digital Economy
Deputy Leader of the Government in the Senate
Parliament House
CANBERRA ACT 2600

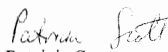
Dear Minister

I present the Annual Report of the Department of Broadband, Communications and the Digital Economy for the year ended 30 June 2008 for your presentation to the Parliament in accordance with section 63(1) of the *Public Service Act 1999*.

This report has been prepared in accordance with the provisions of section 63 of the Act and the Requirements for Annual Reports as approved by the Joint Committee of Public Accounts and Audit.

In accordance with the Commonwealth Fraud Control Guidelines, I certify that the Department of Broadband, Communications and the Digital Economy has the required fraud control mechanisms in place and that these comply with the guidelines.

Yours sincerely


Patricia Scott
13 October 2008

How to use this report

This report outlines the operations and performance of the Department of Broadband, Communications and the Digital Economy (DBCDE) for the financial year ending 30 June 2008. The report is prepared in accordance with the Department of the Prime Minister and Cabinet's *Requirements for Annual Reports*, released in June 2008.

The report is structured in a number of sections.

SECTION 1—OVERVIEW

This section contains a review of the year by the Department's Secretary and an overview of the Department, and its Ministerial arrangements, contact details, organisational structure, portfolio agencies, and its outcome and output structure.

SECTION 2—PERFORMANCE REVIEW

This section provides a report on the Department's performance against its outcome and output. Performance is measured against the success measures in the Department's 2007–08 Portfolio Budget Statements (PBS) and Portfolio Additional Estimates Statements (PAES).

SECTION 3—MANAGEMENT AND ACCOUNTABILITY

This section reports on the Department's management practices, including its governance arrangements, management of human resources, information technology and facilities, legal services, financial management and asset management.

SECTION 4—APPENDICES

The appendices provide supplementary information on a range of important issues, including:

- › portfolio agency contact details
- › resources for Outcome 1
- › performance information index
- › table of figures index
- › appearances before Parliamentary Committees
- › external scrutiny
- › legislation and statutory instruments
- › staffing statistics
- › freedom of information
- › advertising and market research
- › discretionary grants
- › ecologically sustainable development and environmental performance report
- › Commonwealth disability strategy performance report
- › financial performance.

SECTION 5—FINANCIAL STATEMENTS

This section contains the Department's audited financial statements for 2007–08.

SECTION 6—OTHER INFORMATION

This section contains a list of acronyms, glossary of terms, corrections to the 2006–07 Annual Report and an index to assist the reader.

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Section 1 Overview

Secretary's overview

The change of Government brought new priorities and changes in responsibility for the Department in 2007–08.

A NEW STRUCTURE AND CHANGE OF FOCUS

With the introduction of new administrative arrangements on 3 December 2007, responsibility for arts and sport moved to other portfolios. The Rudd Government has given the Department a new strategic direction.

The Minister, Senator the Hon Stephen Conroy, has stated that the Australian Government's vision is to position Australia as a highly competitive and innovative knowledge-based economy. Our role is to help the Government ensure that Australia has the infrastructure, confidence, skills and regulatory settings in place as we move towards a fully-fledged digital economy.

The Department has provided strategic advice and support to the Australian Government on a wide range of significant and rapidly changing policy areas, including:

- › more accessible broadband
- › making the switch to digital television
- › improving communications
- › strengthening the consumer voice
- › promoting the digital economy
- › safer internet use
- › broadcasting
- › making a positive contribution overseas.

MORE ACCESSIBLE BROADBAND

Australia's long-term economic prosperity and international competitiveness depend upon the digital economy which in turn depends on a world class, high-speed, broadband service.

The Australian Government has committed up to \$4.7 billion to building an open access, fibre-based National Broadband Network that will deliver minimum speeds of 12 Mbps to 98 per cent of Australian homes and businesses.

In April, the Government released a request for proposals encouraging all interested parties to come forward with innovative proposals to build and operate the National Broadband Network. Proposals will be assessed by a panel of experts who will provide a report to the Government in the first quarter of 2009.

At the same time, industry and public interest groups have been invited to provide submissions on regulatory issues associated with the roll-out of the National Broadband Network. This recognises the critical importance of future telecommunications regulatory settings, including ongoing consumer safeguards, to ensure the best outcomes for Australians and the competitiveness of the economy.

The vast size of our country makes access to effective modern communications a key priority for our rural and remote communities. The Australian Government has committed to making enhanced broadband available to the two per cent of the population not covered by the National Broadband Network. This includes access to 'safety net' broadband services through the Australian Broadband Guarantee. The Government has allocated an additional \$270 million over four years for an enhanced Australian Broadband Guarantee program.

In addition, the Government has set aside a further \$400 million to address the Government's response to the recommendations of the Regional Telecommunications Independent Review Committee.

MAKING THE SWITCH TO DIGITAL TELEVISION

Australia is part of a world-wide move to progressively turn off analog television services and replace them with digital transmission. Direct benefits for consumers of the digital switchover include better service quality, interactive features and greater viewing choices. Additional spectrum will be freed up by closing analog TV transmission.

The Department's Digital Switchover Taskforce is responsible for the transition to digital television by December 2013. This is a significant challenge, since the switchover will affect practically all households in Australia. A substantial role for the Taskforce is raising consumer awareness nationwide, and to bring on board the nearly 60 per cent of consumers who have not yet switched to digital television.

The Taskforce is working with a wide range of stakeholders, including broadcasters, retailers, manufacturers and housing agencies. These groups are represented on an Industry Advisory Group. The Taskforce has already started consulting with this body on a range of issues, including the timetable for the switchover and the provision of reliable information to consumers buying digital equipment.

The Taskforce is working closely with other government agencies including the Australian Communications and Media Authority (ACMA), who will undertake a number of technical switchover projects, such as an assessment of digital television transmission and reception throughout Australia.

IMPROVING COMMUNICATIONS

Continuing to improve communication services, particularly for those living and working in regional, rural and remote Australia, is an ongoing priority for the Department.

In August 2007, the then Government established a committee to conduct a Regional Telecommunications Independent Review. Since then, the Department has supported 20 meetings of the committee and facilitated its extensive consultation activities.

The Department has received more than 200 written submissions provided to the committee, offered call centre services via a 1800 number for comments from the public, and maintained a separate committee website. The committee finalised its public consultation process in May 2008 and reported to the Minister in September. The Government will respond to this report in early 2009.

The Department also supported the Australian Government in its response to Telstra's proposal to close its CDMA mobile network as part of the transition to its 3G network. Telstra's licence condition was amended in September 2007 to require the Minister's approval before the CDMA network could be closed. There were a number of issues that needed to be addressed before the Minister could agree to the CDMA network being turned off. This required Telstra to take a number of steps to address concerns about handheld coverage and assurance that consumers were using phones suitable to their needs. Following this, the Minister agreed to Telstra closing the CDMA network at the end of April 2008.

In the fast-moving world of communications, efficient allocation and use of radiofrequency spectrum can promote economy-wide productivity gains. Spectrum is used for television, mobile telephony, wireless and satellite broadband, and emergency services. It has become a core plank of our national infrastructure. The success of Australia's telecommunications and broadcasting sectors will be closely linked with our success in harnessing the potential of the spectrum to support emerging technologies and applications. During 2007–08, the Department began preparations for major reform to the utilisation and management of spectrum.

The Department also provided close support for the appointment process of ACMA members. The ACMA appointments were among the first group to be completed under the Australian Government's new arrangements for the merit-based selection of statutory office holders.

STRENGTHENING THE CONSUMER VOICE

Telecommunications consumers face an environment of continual technological change, globalisation, evolving market structures and new business models. A sustainable telecommunications industry ultimately relies on maintaining a healthy relationship with consumers. They can help stimulate innovation and competition, improving the quality of service and prices. The more informed consumers are, the better their choices will be about products and services.

The Minister convened the successful Consumer Representation Stakeholder Forum on 1 May 2008, which examined the effectiveness of consumer representation in the telecommunications sector. The key outcome of the Forum was strong support and feedback from both consumer groups and industry bodies for the formation of a peak telecommunications consumer representative body that would improve the interface between consumers and industry. A working group of consumer groups was subsequently established, and with the Department's support, the group has made significant progress towards establishing a new peak body. On 6 August 2008, the Minister announced the selection of the founding board of the new peak body to be known as the Australian Communications Consumer Action Network (ACCAN).

ACCAN will address the fragmentation of consumer groups, lead to more informed consumers and improved consumer outcomes.

PROMOTING THE DIGITAL ECONOMY

The digital economy underpins Australia's future economic progress and prosperity. We are working to position Australia to realise the full benefits from the Government's proposed investments in broadband infrastructure.

SAFER INTERNET USE

As we increase our reliance on broadband services there is also an increase in e-security and cyber-safety risks.

Together with a number of Australian Government agencies, state and territory governments, and industry representatives, we are working on a range of security and critical infrastructure protection forums to help address these issues.

A key line of defence for infrastructure and government networks includes protecting home users, students and small businesses. We have implemented a range of initiatives to heighten e-security awareness amongst these groups and help them stay smart online. These include:

- › an annual, national e-Security Awareness Week
- › a National E-Security Alert Service for home users and small businesses to provide them with up-to-date information in plain English.

In addition, we are developing an e-security education module for Australian primary and secondary schools.

Providing a safe environment for children online, so that they are able to take maximum advantage of all the benefits the internet offers, is a priority for the Government.

The role of parents in safeguarding their children's online activities is critical. However government and industry also have a role to play in helping to protect children.

Under the Government's cyber-safety program, \$125.8 million over four years has been committed to a range of initiatives, including information, law enforcement, education, research and content filtering.

As part of the Rudd Government initiative, a Youth Advisory Group will be formed, made up of young people aged 12 to 17 who have a passion and interest in cyber-safety. Representatives of the group will meet periodically with a Consultative Working Group on cyber-safety to consider how best to address cyber-safety issues, and communicate messages to young people.

Australian research into the changing digital landscape is also being commissioned. This research will help to finetune the cyber-safety program to meet the emerging issues and challenges presented by developments in technology.

BROADCASTING

The Department provides advice to the Government on issues relating to the national broadcasters, the Australian Broadcasting Corporation (ABC) and the Special Broadcasting Service (SBS). In 2007–08 the Department commenced activities relating to the next triennial funding round for the national broadcasters starting 2009–10. This process will be informed by views put forward about the role of the national broadcasters during the Creative Stream at the Australia 2020 Summit.

The Department has also advised on the national broadcasters' roll-out of services, including digital television, the extension of NewsRadio, and the impending introduction of digital radio.

The changes to media ownership laws introduced in 2006 have led to a number of high profile transactions in both radio and television. The take over of Southern Cross Broadcasting by Macquarie Media Group, which was completed in late 2007 is an example. The Department has provided advice on the impact and scope of such changes.

The Department continued to administer more than \$8 million in funding that is provided to community radio broadcasters. Community radio broadcasting provides services to local communities and supports diversity in the broadcasting sector. This funding has been used to support various projects, provide accredited training for volunteers and subsidise costs associated with transmission.

Additional support for the community sector was provided in the 2008–09 Budget, with \$2.4 million over the next four years for the Australian Music Radio Airplay Project, an initiative to increase radio airplay of contemporary Australian music involving musicians, community broadcasters and the recording industry.

The Department is undertaking a review of access to electronic media by people with a hearing or vision impairment. This includes captioning on free-to-air and subscription television, as well as captioning on films shown in cinemas, on DVDs and audio-visual content on the internet. The review is also looking at the availability of audio description services for these media.

As part of this review, the Department released a discussion paper on 30 April 2008 inviting comment from the public on a wide range of captioning and audio description issues. The Department received 163 submissions from a wide range of people, including representatives of the television, cinema and internet industries, people with a hearing or vision impairment and their representatives, educational institutions and government agencies.

MAKING A POSITIVE CONTRIBUTION OVERSEAS

The Minister attended the Organisation for Economic Cooperation and Development (OECD) Ministerial Meeting on the Future of the Internet Economy in Seoul, Korea, the first of its kind in 10 years.

Key outcomes from the OECD Ministerial Meeting on the Future of the Internet Economy included adoption of the Ministerial Declaration (the 'Seoul Declaration'), which will enhance the Australian Government's communications and digital economy objectives, and support greater international collaboration in cyber-safety and cyber-security.

The Department established whole-of-government positions on a range of issues, particularly through its participation in OECD working parties leading up to the Ministerial meeting.

The Department also coordinated the Government's preparations for the Fourth Korea, Australia and New Zealand Broadband Summit which provided an opportunity for ICT and digital content firms and research interests from the three countries to explore potential commercial linkages and ventures.

The Minister also attended the Asia–Pacific Economic Cooperation (APEC) Telecommunications and Information Ministers' Meeting, in Bangkok, Thailand in April 2008. At this meeting, the Minister called for cross-border collaboration on a range of issues, including online child safety, undersea cable protection, international mobile roaming charges, and market reforms to support APEC's regional economic integration agenda. The Minister flagged the Australian Government's intention to broaden and deepen our links in the Asia–Pacific region, pointing out that 70 per cent of our trade is with APEC member economies.

The Department helped initiate a joint OECD/APEC-Tel project analysing the global spread of malicious software or 'Malware'. The Department continued to play a significant role in the International Telecommunication Union (ITU), where it led an Australian delegation to the ITU's World Radio Communications Conference which focussed on future uses of radio spectrum for communications.

REFORMING THE WAY THAT WE DO BUSINESS

In August 2007, following extensive consultation with staff, I announced key priorities for the Department and discussed these through all-staff meetings. Internal business reforms were also announced to help the Department achieve its priorities. A Business Improvement Unit was established to ensure that these reforms did not get lost in our busy everyday work.

Reform projects undertaken so far include:

- › improving our internal communications through regular branch meetings, Talking Heads monthly information sessions, *Insight* (our new monthly internal newsletter), all-staff meetings, and upgrades to the Department's intranet 'Owlnet'
- › reviewing our internal procedures, including the Chief Executive's Instructions and practical guides
- › increased financial training
- › improving individual performance management, introducing face-to-face induction for new staff, and a staff rotation scheme
- › providing corporate and strategic planning updates.

SUPPORT

Delivery on the Government's priorities and our internal reforms required strong and effective corporate, legal and financial services support.

A key task in 2007–08 was to manage the abolition of the former Department of Communications, Information Technology and the Arts, as a result of the machinery-of-government changes. The Corporate and Business, and Finance and Budgets groups played an instrumental role in ensuring that staff movements and financial arrangements relating to the Administrative Arrangements Order progressed smoothly. The subsequent establishment of a new human resource and financial framework for the new Department was a commendable achievement.

The Department's Legal Group coordinated action on behalf of the Department in response to a number of challenges brought to the Administrative Appeals Tribunal, the Federal Court and the High Court on legislative and constitutional matters.

The volume of Parliamentary reports, questions from Parliament, and ministerial correspondence continued to rise over the year, and the new policies and procedures put in place ensured that a dramatic improvement on the timeliness of correspondence was achieved.

These staff faced constant challenges and I appreciate their efforts in support of the Department's operations.

LOOKING FORWARD

This is a very exciting time for the Department of Broadband, Communications and the Digital Economy. We have a challenging and dynamic role and I want to thank the Department's staff for their strong commitment, drive and professionalism in the reporting period.



Patricia Scott

Departmental overview

The purpose of the Department of Broadband, Communications and the Digital Economy is to work with others to develop a vibrant, sustainable and internationally competitive broadband and communications sector which promotes the digital economy for the benefit of all Australians.

The Department supports and encourages world class communications infrastructure that is competitively priced, widely accessible, highly reliable, facilitates choice and is innovative. The Department also administers legislation and regulations, and delivers a wide range of programs and services in pursuit of these objectives.

In pursuing its purpose, the Department is committed to the Australian Public Service Values and Code of Conduct. In particular, it:

- › applies the highest standards of professionalism, ethics, probity and accountability
- › values responsiveness, initiative, flexibility, innovation and creativity
- › provides a safe working environment
- › promotes diversity, learning and development, communication and equity in employment
- › supports staff to achieve an effective work/life balance
- › encourages the sharing of knowledge between staff.

Ministerial arrangements

Senator the Hon Helen Coonan served as Minister for Communications, Information Technology and the Arts from 1 July 2007 until 24 November 2007. Senator the Hon Stephen Conroy was appointed Minister for Broadband, Communications and the Digital Economy on 3 December 2007.

Department contact details

Department of Broadband, Communications and the Digital Economy

38 Sydney Avenue Forrest ACT 2603

GPO Box 2154 Canberra ACT 2601

Tel: 02 6271 1000

Fax: 02 6271 1800

dbcde.mail@dbcde.gov.au

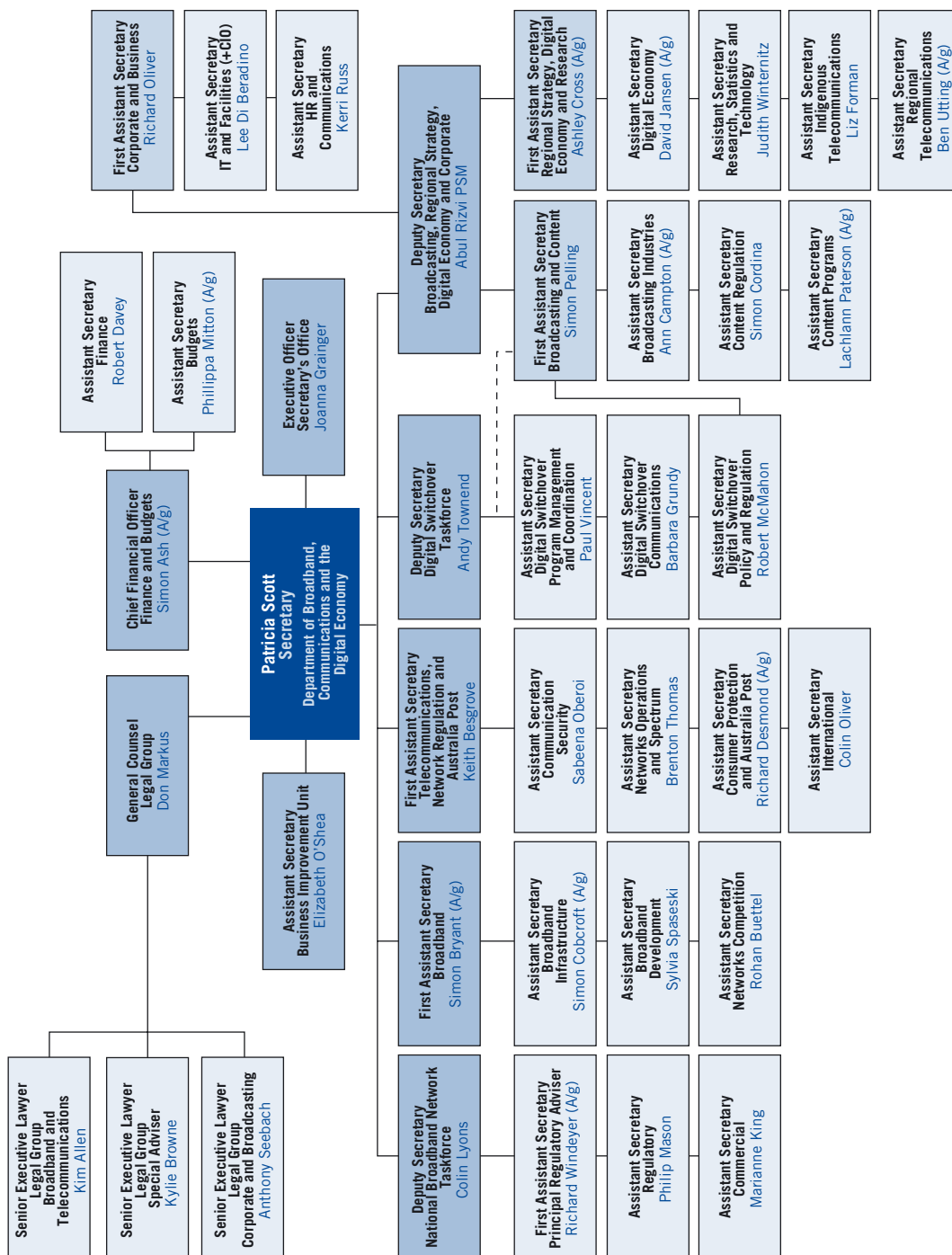
www.dbcde.gov.au

PORTFOLIO STRUCTURE

Portfolio agencies as at 30 June 2008 are listed below. Contact details are at Appendix 1.

- › Australian Broadcasting Corporation
- › Australian Communications and Media Authority
- › Australian Postal Corporation
- › Special Broadcasting Service Corporation.

The Department is organised into divisions. The organisational chart reflects the organisational structure as at the end of June 2008.



Departmental structure

As at 30 June 2008, the Department's Executive Management Group comprised Patricia Scott, Secretary of the Department; Colin Lyons, Deputy Secretary for National Broadband Network Taskforce; Andy Townend, Deputy Secretary for Digital Switchover Taskforce; Abul Rizvi, Deputy Secretary for Broadcasting, Regional Strategy, Digital Economy and Corporate; Simon Bryant, First Assistant Secretary, Broadband (A/g); Keith Besgrove, First Assistant Secretary, Telecommunications, Network Regulation and Australia Post; Richard Oliver, First Assistant Secretary, Corporate and Business; Simon Ash, Chief Financial Officer (A/g); and Don Markus, General Counsel. The role of the Executive Management Group is discussed in section 3 of this report.



The Department's Executive Management Group (L–R): Abul Rizvi, Richard Oliver, Simon Ash, Andy Townend, Patricia Scott, James Cameron, Simon Bryant, Colin Lyons, Simon Pelling, Don Markus.

Outcome and output structure

As a result of the 3 December 2007 Administrative Arrangements Order, there have been significant variations in the composition and responsibilities of the Portfolio. The outcomes relating to arts and sports were transferred to the Department of the Environment, Water, Heritage and the Arts and the Department of Health and Ageing respectively. These changes are reflected in the outcome and output structure set out in the Portfolio Additional Estimates Statements for 2007–08.

The Administrative Arrangements Order also resulted in the transfer of responsibility for the information, communications and technology industry to the Department of Innovation, Industry, Science and Research. This change in responsibility was reflected in the outcome and output structure set out in the Portfolio Budget Statement for 2008–09.

This report provides a record of the Department's performance against the outcome and output structure outlined in the Portfolio Additional Estimates Statements for 2007–08 with the exception of matters concerning the information, communications and technology industry for which it is no longer responsible. Accordingly, for the purposes of this report, our outcome statement should be read as:

Outcome 1 Development of services and provision of a regulatory environment which encourages a sustainable and effective communications sector for the benefit of all Australians and an internationally competitive information economy.

Output 1.1 Policy advice and program management which delivers competitively priced, accessible and high quality telecommunications, broadcasting and postal services and that supports development and application of a competitive capability in information and communications technology.

FIGURE 1.1 CHANGES TO THE OUTCOME AND OUTPUT STRUCTURE

2007–08 Portfolio Budget Statements	2007–08 Portfolio Additional Estimates	2008–09 Portfolio Budget Statements
Outcome 1 Development of a rich and stimulating cultural sector for all Australians.	Outcome 1 Function transferred to the Department of the Environment, Water, Heritage and the Arts	Outcome 1 See Outcome 3
<i>Output 1.1</i> Policy advice, program management and agency support which promotes excellence in, preservation and maintenance of, and access to Australia's cultural activities, national cultural collections and buildings, and Indigenous languages.	Function transferred to the Department of the Environment, Water, Heritage and the Arts	N/A
Outcome 2 Development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians.	Outcome 2 Function transferred to the Department of Health and Ageing	Outcome 2 N/A
<i>Output 2.1</i> Policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector.	Function transferred to the Department of Health and Ageing	N/A
Outcome 3 Development of services and provision of a regulatory environment which encourages a sustainable and effective communications sector for the benefit of all Australians and an internationally competitive information economy and information and communications technology industry.	Outcome 3 Now Outcome 1	Now Outcome 1 Development of a vibrant, sustainable and internationally competitive broadband and communications sector which promotes the digital economy for the benefit of all Australians.
<i>Output 3.1</i> Policy advice and program management which delivers competitively priced, accessible and high quality telecommunications, broadcasting and postal services and that supports development and application of a competitive capability in information and communications technology.	Now output 1.1	Now Outcome 1.1 Policy advice and program management that delivers competitively priced, accessible and high quality broadband and other communication services and that supports the digital economy.



Section 2

Performance review

Development of services and provision of a regulatory environment which encourages a sustainable and effective communications sector for the benefit of all Australians and an internationally competitive information economy.

OUTCOME 1

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RELATED INFORMATION

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Overview

What we do

The Department seeks to encourage a vibrant, sustainable and internationally competitive communications sector. It provides advice on policy and regulation to support the market to sustain a communications sector that meets the ongoing needs of Australian consumers and business. We also administer programs to help with the communications needs of Australians living in regional, rural and remote areas.

The Department facilitates the safe participation of individuals and businesses in the digital economy. By investing in the development of innovative uses of digital technologies, for example, through National ICT Australia and the Clever Networks program, we are helping to grow the digital economy in Australia.

The Department also provides advice on broadcasting policy and regulation and is managing the transition to digital television.

What this chapter covers

This chapter reports on the performance of the Department's policies and programs relating to:

- › broadband and the digital economy
- › telecommunications and postal services
- › broadcasting, radio frequency spectrum and switchover to digital television.

Performance is measured against the success measures in the Department's 2007–08 Portfolio Budget Statements (PBS) and Portfolio Additional Estimates Statements (PAES).

To provide a clear read of the Department's achievements in these three key areas, the following output indicators have been merged and reported in the body of this section:

- › policy and ministerial support
- › client consultation which enhanced relationships with key stakeholders
- › research contribution which helped to inform policy development and program design and delivery
- › program administration
- › compliance with standards and better practice.

Indicators relating to timeliness of the delivery of Parliamentary reports, questions from Parliament and correspondence and client satisfaction, measured through the Department's annual client satisfaction survey, are addressed at the end of this performance chapter.

OUR PERFORMANCE FOR 2007–08

Broadband and the digital economy

The digital economy is the global network of economic and social activities that are enabled by information and communications technologies (ICTs), particularly the internet. It includes commercial transactions, personal dialogue, information, entertainment and delivery of services using the internet.

Promoting the digital economy is important to realising productivity gains throughout the economy, to develop innovative services and business models, and to better integrate metropolitan and regional economies, and the Australian economy with the global economy. Digital economy applications can also help address long-term national challenges such as health and climate change.

In April 2008, the Australian Government convened the 2020 Summit at Parliament House in Canberra to help shape a long-term strategy for the nation's future. Two key ideas from the Summit specifically reinforce the importance of broadband and the digital economy:

- › 'Broadband access for remote, rural and regional Australia'
- › 'Building and enabling the use by all Australians of a world class broadband system to foster full participation in the digital economy'.

To progress the second of these in particular, the Department has commenced a detailed stakeholder consultation program, culminating in a Digital Economy Forum on 10 September 2008, and a research program to benchmark Australia's digital economy performance by industry sector.

In the first half of 2008, the Department coordinated the Australian Government's contribution to the Organisation for Economic Cooperation and Development's (OECD) Future of the Internet Economy Ministerial Meeting and the Korea Australia New Zealand Broadband Summit. A key outcome from this meeting was the adoption of a Ministerial Declaration which will enhance the Australian Government's communications and digital economy objectives, and support greater international collaboration in cyber-safety and cyber-security. Further information about the Department's international activity can be found at page 61.

The aim of policies and programs in this area is to help grow the digital economy in Australia by:

- › facilitating the increased availability of faster and more affordable broadband infrastructure and services across Australia
- › building skills and capacity to broaden and deepen use of innovative online applications
- › helping consumers and businesses to participate more confidently in the digital economy.

INCREASED AVAILABILITY OF FASTER BROADBAND

Widespread availability of high-speed broadband is crucial to growing the digital economy. In December 2007, there were 5.22 million broadband subscribers in Australia (see figure 2.1). Of these, 73 per cent used Digital Subscriber Line (DSL) connections¹. The figures 2.1 and 2.2 demonstrate the rapidly increasing take-up of broadband in Australia, with the table demonstrating that a significant proportion of new broadband subscribers have migrated from dial-up services. The graph demonstrates that most of this increased broadband take-up relates to new residential connections.

This rapid increase in take-up of broadband highlights the strong demand for broadband within the Australian economy and society. However, the speed of broadband available is still slow by OECD standards and prices are high. It is against this background that the Australian Government has committed to the implementation of a National Broadband Network.

FIGURE 2.1 INTERNET SERVICES IN AUSTRALIA, MARCH 2005, SEPTEMBER 2006 AND DECEMBER 2007²

	March 2005	September 2006	December 2007
Internet subscribers (million)	5.98	6.65	7.10
Dial-up subscribers (million)	4.18	2.75	1.89
Broadband (256kbs or greater) (million)	1.80	3.91	5.22
Number of Internet Service Providers	689	467	421

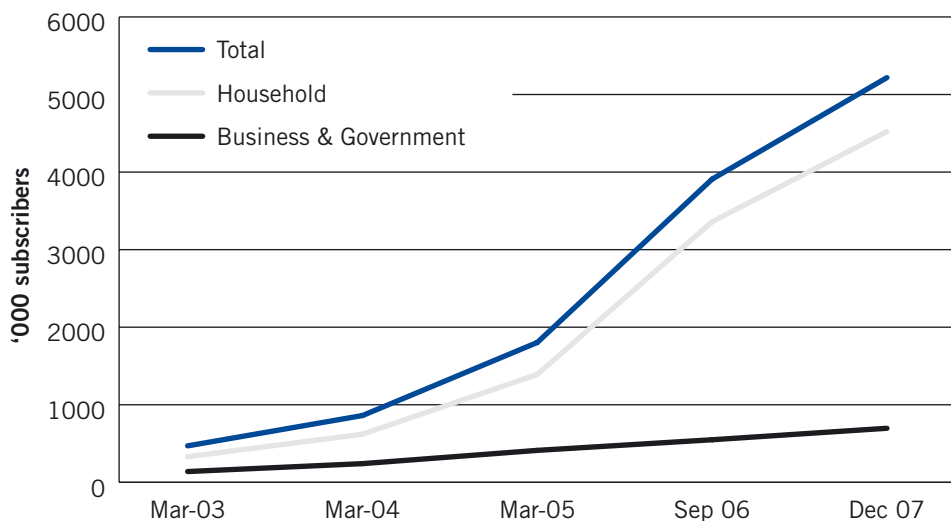
1

Source: ABS, *Internet Activity*, Australia, December 2007, Cat. No. 8153.0, 2008.

2

Sources: ABS, *Internet Activity*, Australia, March 2005, Cat. No. 8153.0, 2005; ABS, *Internet Activity*, Australia, September 2006, Cat. No. 8153.0, 2007; ABS, *Internet Activity*, Australia, December 2007, Cat. No. 8153.0, 2008.

FIGURE 2.2 NON-DIAL-UP SUBSCRIBERS—BUSINESS AND GOVERNMENT, AND HOUSEHOLD, AUSTRALIA, 2003 TO 2007³



During 2007–08, the Department focused on four main programs to increase the availability of faster broadband (these are in addition to the Digital Education Revolution in the Education, Employment and Workplace Relations portfolio):

- › National Broadband Network
- › Australian Broadband Guarantee
- › Coordinated Communications Infrastructure Fund
- › Broadband Connect Infrastructure Fund.

National Broadband Network

The Australian Government's commitment to provide up to \$4.7 billion, and consider regulatory changes necessary to facilitate the roll-out of a National Broadband Network has been a major focus for the Department.

The National Broadband Network will be one of the largest infrastructure projects ever undertaken in Australia. The Australian Government's objectives for the network include that the network will:

- › deliver minimum downlink speeds of 12 megabits per second to 98 per cent of Australian homes and businesses
- › enable uniform national retail prices
- › be based on fibre to the premises or fibre to the node architecture.

³ Sources: ABS, *Internet Activity*, Australia, March 2005, Cat. No. 8153.0, 2005; ABS, *Internet Activity*, Australia, December 2007, Cat. No. 8153.0, 2008.

CASE STUDY

Harnessing the potential of broadband

Broadband is a key enabler for the digital economy. It is critical to the delivery of private and public sector services and has applications in education, health, community and other key areas. Governments of all levels need to work together to realise the full potential of broadband.

This was a key agenda item for the 15th meeting of the Online and Communications Council held at Parliament House in Canberra on 21 May 2008. The Minister for Broadband, Communications and the Digital Economy, Senator the Hon Stephen Conroy, chaired the meeting which focused on the future development and use of broadband in Australia. The meeting was attended by Australian, state and territory government ministers and the Australian Local Government Association.

The meeting acknowledged the potential of broadband to change people's lives, with members agreeing on a number of key initiatives. For the first time, all Australian governments are cooperating to develop a national broadband framework, promoting collaboration on broadband between all tiers of government and helping to guide future programs and activities. The framework will position Australia as a competitive and innovative knowledge-based economy.

Members welcomed and supported the Australian Government's commitment of up to \$4.7 billion to implement the National Broadband Network, acknowledging that it is the largest commitment ever made by an Australian Government in developing broadband infrastructure. The network provides a unique opportunity to establish high-speed broadband infrastructure, as well as a platform for the future development and use of broadband in Australia.

Members also agreed to a new Building on Broadband initiative that will support a small number of strategically focused broadband projects. The initiative will seek to harness broadband capabilities and support the innovative delivery of health, education, government, community and emergency services in regional, rural and remote parts of Australia. It will extend existing applications, technology and/or learnings from the current Clever Networks program into another jurisdiction or service sector.

In line with the requirements of the Council of Australian Governments, members agreed to a review of the Online and Communications Council in 2008. The review will examine the Council's future role, strategic direction and priorities. Members recognised that undertaking the review at this time is particularly opportune, given the new communications landscape in Australia.



Participants of the 15th meeting of the Online and Communications Council held at Parliament House in Canberra on 21 May 2008 (L-R): The Hon Robert Swarten MLA, representing the Queensland Government; The Hon Matthew Thomas Bonson MLA, representing the Northern Territory Government; Mr Jon Stanhope MLA, Chief Minister of the Australian Capital Territory; Senator the Hon Stephen Conroy (Chair), Minister for Broadband, Communications and the Digital Economy, representing the Australian Government; The Hon Michael Aird MLC, representing the Tasmanian Government; Councillor Paul Braybrooks, representing the Australian Local Government Association; The Hon Eric Roozendaal MLC, representing the NSW Government; Ms Jaye Radisich MLA, representing the Western Australian Government. Absent: The Hon Theo Theophanous MLC, representing the Victorian Government; The Hon Paul Caica MHA, representing the South Australian Government; The Hon Lindsay Tanner MP, Minister for Finance and Deregulation.

The Government has established a competitive assessment process to select a preferred proponent to roll-out and operate the National Broadband Network. The Department has established a rigorous, transparent and accountable process to maximise competition. Key milestones have included:

- › the appointment of a Panel of Experts on 11 March 2008 to oversee the request for proposals process and evaluate proposals once received.
- › the appointment of specialist advisors in the areas of probity, commerce, law, economic regulation and technology.
- › public consultations on regulatory issues associated with the National Broadband Network, resulting in 82 submissions which were made available on the Department's website and provided to the Panel of Experts, and to proponents. They are also used in ongoing policy development by the Department.
- › public consultation on policy and funding initiatives to provide enhanced broadband to rural and remote areas, including the two per cent of homes and businesses which may not be covered by the National Broadband Network. This has resulted in 29 submissions that were made available on the Department's website and a further seven submissions submitted on an in-confidence basis. Copies of the submissions have been provided to the Regional Telecommunications Independent Review Committee.
- › pre-qualification of proponents through the lodgement of a Bond and Confidentiality Deed by 23 May 2008.
- › conduct of bilateral meetings with pre-qualified proponents.
- › passage of legislation—the Telecommunications Legislation Amendment (National Broadband Network) Bill 2008, which received Royal Assent on 26 May 2008—to enable network information required for the National Broadband Network process to be provided to proponents and for it to be appropriately safeguarded.
- › consultation with industry on the provision of network information.

Key government stakeholders are also kept involved through regular National Broadband Network Inter-departmental Committee meetings, chaired by the Department.

The Panel of Experts will report to the Government on its assessment of proposals early in 2009.

Australian Broadband Guarantee

The Australian Broadband Guarantee provides Australian residential and small business premises with access to metro-comparable broadband services where these services would not otherwise be available.

In May 2008, the Government announced an extension of the Australian Broadband Guarantee until 2012, making a further \$270.7 million available for

the program over the next four years. Revised guidelines for the new Australian Broadband Guarantee commencing in 2008–09 were developed in consultation with industry and consumer groups.

Key changes and enhancements to the new program include:

- › subsidies of up to \$2500 per premises connected to upgrade existing commercial services where justified
- › special payments of up to \$6000 per premises connected in exceptional circumstances where there are very high costs associated with providing the service
- › enhanced consumer protections including restrictions on charging for excess data used and a requirement for standardised customer contracts.

The Broadband Service Locator, a tool that assists consumers locate a suitable broadband provider in their area, was also further enhanced in response to consumer and provider feedback.

FIGURE 2.3 AUSTRALIAN BROADBAND GUARANTEE⁴

Performance indicators	Results
EFFECTIVENESS	
Broadband coverage is available to all residential and small business premises across Australia.	The Australian Broadband Guarantee (ABG) has enabled access to metro-comparable broadband services across Australia.
QUANTITY	
Number of program services taken up.	A total of 37 488 connections were subsidised during 2007–08. The Department forwarded 75 931 information packs to consumers who had registered on the Broadband Service Locator, including those identified as being able to access a commercial service. A significant number of people receiving an information pack use the advice to identify and sign up with commercially available broadband services while those without such access are sent relevant forms to enable them to apply for an ABG service. Assistance provided through use of the Broadband Service Locator is set out in the case study, Looking for broadband? on page 30.
Number of information packs sent to registered consumers.	

4 The performance indicators for this program have been updated. The indicators in the Department’s 2007–08 Portfolio Additional Estimates Statements were linked to a program which the Department no longer administers.

QUALITY

Compliance by providers with service and program requirements.

In 2007, the Australian National Audit Office (ANAO) issued a report titled Management of the Higher Bandwidth Incentive Scheme and Broadband Connect Stage 1. This program was one of the predecessors of the Australian Broadband Guarantee. The Department has implemented the recommendations from this report, including checking duplicate claims and recovery action where necessary. As at 30 June 2008 the Department had recovered \$306 460 of the \$462 000 of duplicate claims identified by the ANAO. The Department has strengthened program guidelines and administrative processes to address compliance issues raised in the report. The Department undertook routine audits of five out of 16 Australian Broadband Guarantee providers, with satisfactory results. All 16 providers have submitted their half-year reports.

Complaints received by the Department.

Between July 2007 and June 2008, the Department received 30 196 consumer calls on the 1800 Freecall number. Of these, 29 412 calls related to requests for information about accessing broadband services and eligibility under the Australian Broadband Guarantee. A further 784 calls were consumer complaints relating to connection delays or quality of service issues, all of which were subsequently resolved.

COST

Administered expenses of \$84.9 million were incurred in 2007–08.

Regional Telecommunications Inquiry Response— Coordinated Communications Infrastructure Fund

The Coordinated Communications Infrastructure Fund (CCIF) program is part of the National Broadband Strategy. Funding of \$20.9 million was provided over four years to fund infrastructure projects to improve broadband capability for the delivery of health, education and government services in regional communities.

Projects funded through the CCIF have delivered high-speed bandwidth to health and educational institutions, businesses, local government, Indigenous and community groups in regional and rural areas. All project activities under the program were completed before 30 June 2008.

FIGURE 2.4 COORDINATED COMMUNICATIONS INFRASTRUCTURE FUND

Performance indicators	Results
EFFECTIVENESS	
Co-development of broadband infrastructure in Australian communities.	<p>All 13 CCIF projects involved co-development.</p> <p>For example, one project developed with the NSW Government provided a satellite network extension to an existing interactive service to deliver NSW TAFE courses to 175 isolated homesteads, 150 remote schools and 15 rural Indigenous communities.</p>
QUALITY	
Extent to which Australian Government program funds are leveraged by investments from other tiers of government and industry to increase choice and reduce costs of broadband services.	<p>The CCIF funding guidelines required co-funding on at least a one-to-one basis. Australian Government funding of \$20.9 million (allocated across two CCIF funding rounds in April 2004 and April 2005) leveraged investment from other tiers of government and industry of \$43.5 million (more than double the CCIF allocation).</p>
QUANTITY	
Number of co-funded infrastructure projects.	<p>All CCIF projects were co-funded. All project activities are now complete, resulting in 13 high-speed broadband networks improving health, education, business, local government, Indigenous and community services delivery in regional and rural areas.</p>
COST	
	<p>Administered expenses of \$4.6 million were incurred against this program in 2007–08. In addition, \$382 000 of Telstra Social Bonus—Building Additional Rural Networks funding was spent under this program.⁵</p>

5 The remainder of the Telstra Social Bonus—Building Additional Rural Networks funding (\$4.4 million) was returned to consolidated revenue.

CASE STUDY

Looking for broadband?

Australians are relying more and more on broadband internet for a whole range of services, both in business and at home. However, it can be hard to know where to start when it comes to choosing a supplier for a home or small business connection.

To take the confusion out of finding a provider, we have developed an online service to help you work out what your options are for accessing a broadband service. The Broadband Service Locator combines information from ADSL, cable and wireless providers and advanced geospatial technology to suggest which providers can provide a service at any given address. If there are no commercial services available there yet, the locator tells you about your choices under the Australian Broadband Guarantee (ABG).

Not all broadband services cost the same. The service locator helps you out by grouping service providers according to speed, data allowance and price:

- › Category A service providers can supply services that reflect the minimum standard of service that is taken up in most urban areas (that is, metro-comparable services). They must be commercial services that have a minimum download speed of 512kb/sec, an upload speed of 128kb/sec, a monthly data allowance of 1GB, and a total cost of \$2500 or less over three years, including all equipment and installation.
- › Category B providers offer terrestrial metro-comparable services and other services combined with support subsidies under the Australian Broadband Guarantee.
- › Category C groups together subsidised satellite service providers that are available across Australia to eligible customers who do not have access to a terrestrial metro-comparable broadband service.

Other providers whose services do not meet the metro-comparable combination of speed, data allowance and price are also included in another category.

The Broadband Service Locator provides interactive maps locating all addresses. However, address locations in rural and remote areas are not always accurate, so you can use the interactive map to move the address point to the location you know is correct. If you live on a rural property, you can enter the name of your property. Then the locator re-analyses the map and updates the list of providers available at that location. If you have a hand-held geo-positioning device, you can enter your latitude and longitude to be certain the location is correctly identified.

The Broadband Service Locator gives you an entry point to services provided by registered Australian Broadband Guarantee providers. If the locator tells you that the only services available to you that are metro-comparable are those that are subsidised under the ABG, you can register with the ABG through the service locator and all the paperwork you need to apply for a subsidised service will be sent to you.

For more information about the Broadband Service Locator, go to <http://bcoms.dbcde.gov.au/BSL> or visit the Australian Broadband Guarantee page at www.dbcde.gov.au/abg.



Looking for broadband? Try the Broadband Service Locator!

Broadband Connect Infrastructure program

As a number of rural and remote areas were under-served in terms of their broadband services compared with metropolitan areas, the Government sought applications to support the extension of sustainable, metro-comparable broadband services into these areas. OPEL Networks was the successful applicant under this process and a funding agreement was put in place which required certain conditions to be met, including specified coverage requirements.

FIGURE 2.5 BROADBAND CONNECT INFRASTRUCTURE PROGRAM

Performance indicators	Results
EFFECTIVENESS	
The extent to which OPEL Networks delivers a wireless broadband network providing access to high speed wholesale broadband services for specified under-served areas and premises in accordance with the terms and conditions of its funding agreement.	The implementation plan submitted by OPEL Networks failed to demonstrate that it would meet the terms of the funding agreement. In particular, the plan did not achieve the required service coverage. As a result, on 2 April 2008, the Government announced that the OPEL Networks broadband project would not proceed.
QUALITY	
Services meet the service and coverage standards specified in the funding agreement.	See above.
QUANTITY	
Target: 1361 wireless base stations.	As the contract was terminated, no infrastructure was deployed.
COST	
	There was no expenditure for this program in 2007–08. Allocated funding was returned to consolidated revenue.

BUILDING SKILLS AND CAPACITY

Skills, and the capacity of businesses and consumers to make use of innovative online applications, are a key factor in enabling Australia to become a fully developed digital economy. During 2007–08, key programs in this regard included:

- › the ICT Centre of Excellence program
- › the Clever Networks program
- › IT Training and Technical support to users in rural and remote localities
- › Backing Indigenous Ability.

ICT Centre of Excellence program

This \$379 million program was announced in January 2001 and, in May 2004, was extended to 30 June 2011. Delivery of the program by National ICT Australia Ltd (NICTA) started on 20 October 2002 when a funding deed was signed. The Department provides funds jointly with the Australian Research Council.

NICTA's mission is to:

- › undertake ICT research at the highest international standard and scale
- › conduct research training through an enhanced PhD program
- › facilitate the commercialisation of research
- › forge mutually beneficial links with private sector research organisations, major corporations, small-to-medium enterprises and public sector agencies.

NICTA's core ICT research expertise has allowed it to develop and deliver practical applications, including:

- › security technology that can help to protect key infrastructure such as railway stations, bridges, ports and airports by allowing the better and more timely detection and reporting of suspicious behaviour
- › traffic control systems that minimise congestion, reduce travel times, deliver fuel savings and extend the life of road infrastructure
- › wireless control and monitoring systems that can reduce water use in farms
- › monitoring technology that can significantly improve the performance of existing optical networks and increase speed ratings without the need for large capital expenditure
- › operating systems software for mobile devices that is already being used in 3G mobile phones.

Four spin-out companies have already been created by NICTA to exploit the technologies that it has developed.

In mid-2008 the Department commenced preparations for the NICTA funding review. This review will take place in the latter half of 2008 and will assess the organisation's performance against its funding agreement including its appropriateness, effectiveness and efficiency.

FIGURE 2.6 ICT CENTRE OF EXCELLENCE PROGRAM

Performance indicators	Results
EFFECTIVENESS	
Quality and quantity of research, research training, collaboration and commercialisation.	<p>NICTA is meeting the objectives of the program by continuing to deliver high-level research, research training, collaboration and commercialisation outcomes.</p> <p>NICTA has established four companies to commercialise key aspects of its research, and has over 40 patent applications in Australia and overseas.</p> <p>NICTA is undertaking research on 35 projects in six key business areas across its research laboratories (two of which are located in Sydney and one each in Canberra, Melbourne and Brisbane), including:</p> <ul style="list-style-type: none">> wireless telecommunications solutions> embedded systems which will generate 'smart products' of the future—from clever cars to farm management> digital audio networking systems and internet technologies. <p>At 30 June 2008 there were 301 PhD students participating in the NICTA enhanced PhD program. In 2007, 44 PhD and masters students graduated—an increase of 25 over 2006.</p> <p>NICTA maintains strong cooperative relationships and participates in joint projects with small-to-medium enterprises, research institutions in Australia and overseas, multi-national corporations, ICT users and producers. These include IBM (USA), Ericsson (Sweden), the Peter McCallum Cancer Centre (Australia), and the Nomura Research Institute (Japan).</p>
QUALITY	
Qualitative evaluation analysing performance against qualitative and quantitative milestones established in Annual Activity Plan.	<p>NICTA is required to report against a set of agreed milestones on a quarterly basis to the joint program administrators (this Department and the Australian Research Council). The milestones cover a range of activities consistent with NICTA's long-term objectives. The Department is satisfied that NICTA is meeting the requirements of its funding agreement. It achieved strong outcomes in research, research training, collaboration and commercialisation. The NICTA website at www.nicta.com.au contains details of their achievements for 2007–08 as well as their 2008 Annual Activity Plan, annual reports and research reports.</p>
QUANTITY	
Meeting of performance requirements in Annual Activity Plan.	<p>NICTA met 60 of the 69 milestones set in the Annual Activity Plan by the due date of 31 December 2007. Of the unmet milestones:</p> <ul style="list-style-type: none">> three were completed in the first half of 2008> two are to be completed later in 2008> four will not be progressed in their original form due to a change of circumstances which meant that those milestones were no longer relevant.
COST	
	<p>Administered expenses of \$26.8 million were incurred in 2007–08.</p>

Clever Networks program⁶

The objective of the \$118.6 million Clever Networks program is to fund broadband applications and leverage investment in broadband infrastructure to foster innovative service delivery in regional, rural and remote communities.

There are two elements in the program:

- › The *Innovative Services Delivery* element co-funds projects that use broadband technologies and other facilities to help improve service delivery in the health, education, government, community, and emergency sectors.
- › The *Broadband Development* element co-funds a network of Broadband Project Managers and Broadband Project Officers to work with regional communities to enhance understanding, use of, and access to broadband.

FIGURE 2.7 CLEVER NETWORKS PROGRAM

Performance indicators	Results
EFFECTIVENESS	
Extent to which co-development of innovative services delivery projects has occurred.	<p>All projects under the Clever Networks program are developed collaboratively between the Australian Government, state and territory governments, their agencies and private sector partners.</p> <p>There are 26 Innovative Services Delivery projects funded by the program in the health, education, government, community and emergency sectors. For example, one innovative project delivered by the program is Bush Medivac WA as outlined in the case study on page 38 Other examples include:</p> <ul style="list-style-type: none"> › the Northern Territory <i>ShiresNet</i> project covering eight new shire councils, 1300 remote workers, 63 remote community service delivery centres to enable a service base of more than 52 000 mainly Indigenous Australians. › the Noosa and Maroochy projects with the Sunshine Coast Regional Council will provide broadband to more than 330 000 people and 38 700 businesses in the local area, generating approximately \$292 million for the local economy over the next ten years. <p><i>Building on Broadband</i>, an initiative to extend on successful Clever Networks projects, was announced by the Minister at the 15th Online and Communications Council meeting on 21 May 2008. Key outcomes of the meeting are discussed in <i>Harnessing the potential of broadband</i> case study on page 24.</p>

6 The Department's Portfolio Additional Estimates Statements refer to this program as the Connect Australia—implementation of the Clever Networks program.

QUALITY

Extent to which Australian Government program funds are leveraged by investments from other tiers of government and industry to increase services.

All Innovative Services Delivery projects are co-funded.
For every dollar of the Australian Government's \$44.8 million spent in 2007–08, project partners committed \$1.67 in cash and in-kind contributions, exceeding the requirement for matched funding.

QUANTITY

Number of Innovative Services Delivery projects and the number of Broadband Development Project Managers and Officers actively contributing to these projects.

In total, the program received 115 applications for Innovative Services Delivery projects, of which 26 were approved for funding. There were 66 Broadband Development Network applications received this financial year, of which 23 were approved for funding. The 26 Innovative Services Delivery projects funded by the program included:

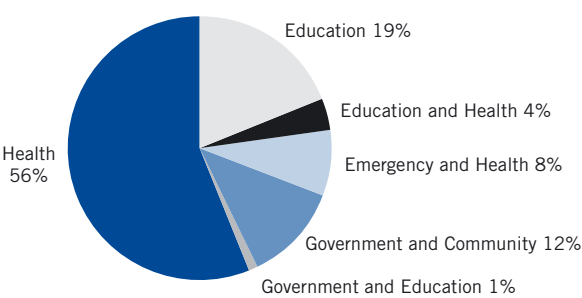
- > 16 in the health and emergency sectors
- > six in the education sector
- > four in government and community sectors.

The geographical spread of Innovative Services Delivery projects is shown at figure 2.9.
The Broadband Development Network is made up of six Broadband Development Managers and 17 Broadband Project Officers. The Broadband Development Network Forum is discussed further in a case study on page 40.

COST

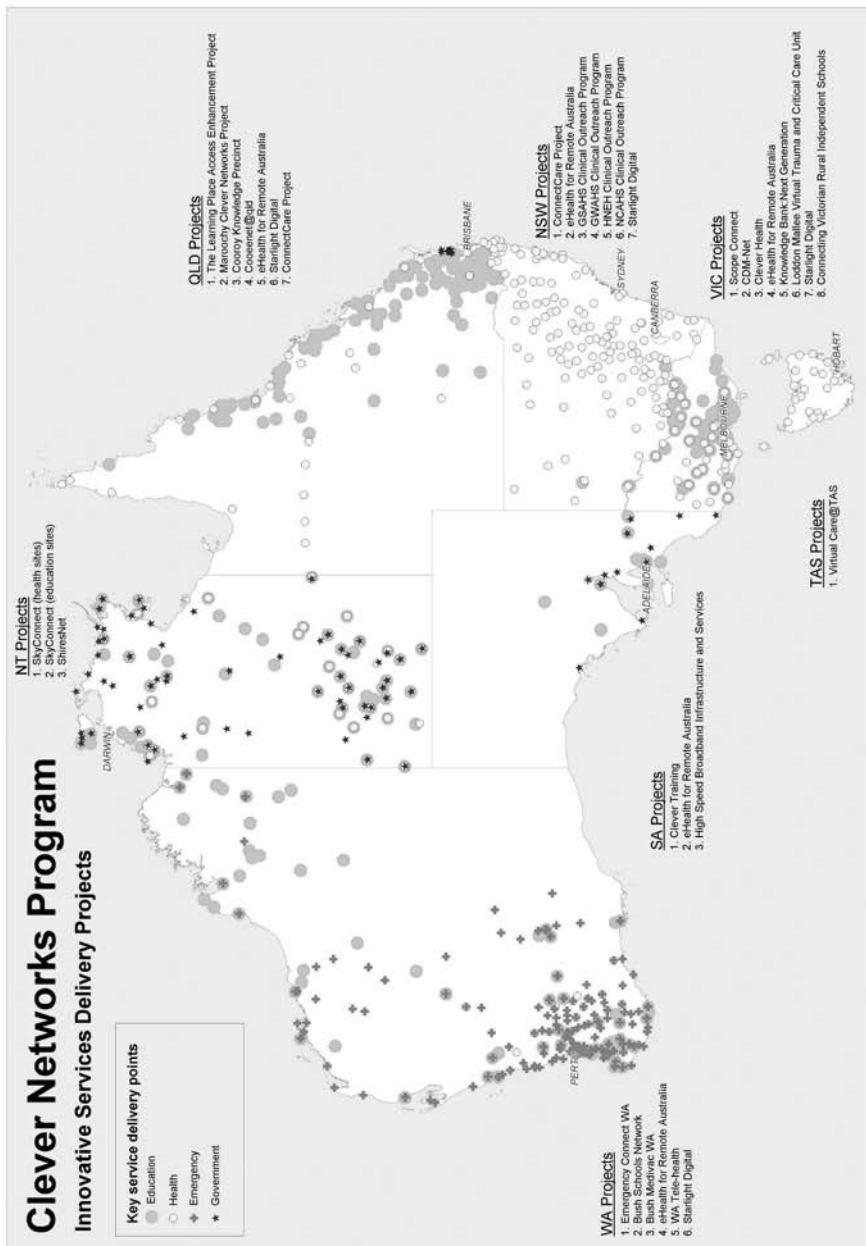
Administered expenses of \$44.8 million were incurred against this program in 2007–08.

FIGURE 2.8: CLEVER NETWORKS—INNOVATIVE SERVICES DELIVERY PROJECTS BY SECTOR AND PERCENTAGE OF FUNDING 2007–08⁷



7 Figure 2.8 distinguishes itself from figure 2.9 by representing the cross-sector coverage that Innovative Services Delivery projects have. The nature of the projects has meant that in many instances, they have been able to meet needs in more than just the primary target sector.

FIGURE 2.9 NUMBER AND GEOGRAPHICAL SPREAD OF CLEVER NETWORKS PROGRAM INNOVATIVE SERVICES DELIVERY PROJECTS⁸



⁸ This map demonstrates community locations benefiting from improved broadband services delivered by Clever Networks Innovative Services Delivery projects.

CASE STUDY

Being clever about health and emergency services

The sheer size of this country means delivering health and emergency services to remote areas is a constant challenge. Through our Clever Networks program, we have enhanced these services in rural and remote Western Australia by contributing funding to the Bush Medivac Western Australia project.

This project was launched in Bunbury, Western Australia, on 18 April 2008 by the Minister for Broadband, Communications and the Digital Economy, Senator the Hon Stephen Conroy and the Western Australian Industry Enterprise Minister, Francis Logan. The project will improve health and emergency services to Western Australians living in regional and remote areas by providing state-of-the-art terrestrial and non-terrestrial broadband network infrastructure.

The project will use innovative broadband technology applications and devices that will integrate Western Australian health and emergency service organisations' communication systems. An upgrade of their voice and data inter-communications capability will allow them to use real-time systems through broadband technology and common data protocols, enhancing their communications and coordination capabilities for day-to-day operations and in preparation for any major incidents or disasters.

The project involves two government and three non-government organisations with health and emergency services responsibilities. The communications capabilities of these organisations will be dramatically enhanced by:

- › extending voice communications into far more remote locations using terrestrial and non-terrestrial technology
- › increasing the flexibility of their data networks and inter-networking
- › using satellite technologies to extend their capacity to collect and use both broadband and narrowband data in support of emergency incident management in very remote areas.

This is just one of the 26 Innovative Services Delivery projects funded under the Clever Networks program. The Australian Government is providing \$9.28 million in funding, while the Western Australian Department of Industry and Resources and its consortium partners are contributing a further \$12.26 million.



At the launch of the WA Bush Medivac project were (L-R): Ian Smith, Regional Director of WA Country Health Service—South West; Mark Grime, Chief Executive Officer, St John of God Hospital, Bunbury; The Hon Francis Logan MLA, WA Minister for Energy, Resources, Industry and Enterprise; Senator the Hon Stephen Conroy, Minister for Broadband, Communications and the Digital Economy; Anson Cheng, project manager, WA Department of Industry and Resources; and Lynne Thomson, Manager Clever Networks program

CASE STUDY

Broadband Development Network Forum

In April 2008, the Minister for Broadband, Communications and the Digital Economy, Senator the Hon Stephen Conroy, opened the inaugural Clever Networks Broadband Development Network Forum attended by Broadband Project Managers and Broadband Project Officers from across Australia.

The individuals who make up the network are making a difference to the everyday lives of regional Australians, across the country. The six Broadband Project Managers work at a state level to enhance and promote state-based strategic broadband plans and mentor the 17 Broadband Project Officers. The network oversees specific broadband projects that cover approximately 3.6 million square kilometres of Australia. The 23 individuals who make up the network have a wide reach working with groups such as emergency services, not-for-profit, Indigenous, health, education, local government, broadband suppliers, farming, tourism and community groups to help them to benefit from the effective use of broadband.

The forum was an opportunity for this unique group to share ideas and experiences including new ways to improve awareness of broadband and enhance business practices in the communities they serve. The forum and ongoing work of the network was further evidence that broadband infrastructure and face to face expertise working with regional Australians is providing social and economic benefits in communities.



Minister for Broadband, Communications and the Digital Economy, Senator the Hon Stephen Conroy at the Broadband Development Network Forum

Regional Telecommunications Inquiry Response—IT Training and Technical Support program

The objective of the IT Training and Technical Support program was to provide basic information and communications technology (ICT) training and technical support to communications users living in very remote localities of Australia where formal training programs were not accessible. The program was completed at the end of December 2007. A significant proportion of the funds were allocated to projects benefiting Indigenous communities reflecting the high proportion of Indigenous people living in very remote areas of Australia.

FIGURE 2.10 IT TRAINING AND TECHNICAL SUPPORT PROGRAM

Performance indicators	Results
Effectiveness	
Number of people in the targeted areas who have received training and technical support.	By the end of the program nearly 16 000 people in 550 very remote communities had received almost 110 000 hours of basic ICT training and/or technical support services, at an average of around seven hours per person. Of these 16 000 people, almost 7500 (or 47 per cent) were Indigenous. A case study on page 42 highlights the benefits delivered under this program.
COST	
	Administered expenses of \$1.3 million were incurred against this program in 2007–08.

CASE STUDY

IT skills improving community services

We have witnessed many success stories as a result of the \$10.1 million in funding provided under the Regional Telecommunications Inquiry Response—IT Training and Technical Support program since 2003–04. The program has delivered basic IT training and technical support to people at the greatest disadvantage due to their distance from formal training.

Some participants have built on the IT skills they have gained by going on to further study or securing employment.

Community members from Mungallala, on the border of Booringa and Murweh shires in the south west of Queensland, have enjoyed direct benefits from the funding and training they received in 2007–08. The community has a population of around 70. For some time, the Post Office had been closed because nobody in the community had the necessary computer and internet skills to keep it running.

As a direct result of the confidence and technological skills generated by the training they received under the program, Mungallala community members successfully applied to have the Post Office re-opened. The community then used the project as a catalyst to provide other services for the community, including an access point for Centrelink.

In all, nine projects were funded under the IT Training and Technical Support program, and as many as 16 000 people in 550 very remote communities will have benefited from the program.



Tom Caden at the Mungallala Post Office

Backing Indigenous Ability—internet/computers/video-conferencing element⁹

The objective of the Backing Indigenous Ability (BIA) telecommunications program is to provide remote Indigenous communities with telecommunications services.

The program has two main elements—providing a basic community access phone service (see page 51) and assistance to increase the take up of more advanced communications. During 2007–08 an applications process was completed for more advanced communications including videoconferencing, training and Indigenous online content.

FIGURE 2.11 BACKING INDIGENOUS ABILITY—INTERNET/COMPUTERS/VIDEO-CONFERENCING ELEMENT

Performance indicators	Results
EFFECTIVENESS	
Development and increased access to telecommunications services in very remote Indigenous communities where there is telecommunication deficiency.	Installation and maintenance of such equipment on a public access basis in remote Indigenous communities is a high risk proposition. A recent evaluation of a predecessor program found that only 26 to 45 per cent of such equipment remained operational for 18 months. The focus in 2007–08, therefore was on re-designing this aspect of the program to increase the prospects of long-term success. The Department has encountered considerable difficulties in finding suitable providers for the delivery of the computer/internet part of the program. This part of the program, following the non-performance of a provider, is now under review. The emphasis has been placed on the training, video-conferencing and online elements.
QUALITY	
The extent to which community members gain new information technology skills through training or use of facilities or technology.	98 remote Indigenous communities were approved to receive training in information and communications technology.
The benefit to the community from improved access to telecommunications services under the BIA telecommunications program.	Indigenous online content and/or upgraded websites, when complete, will promote local tourism, businesses, and arts and crafts. For example, see the case study on page 45.

⁹ Reporting against the performance of the Backing Indigenous Ability—telecommunications program has been split in this report. The internet/computers/video-conferencing element is reported above and the community access phones element is reported under the telecommunications section of this report.

QUANTITY

Number of remote and very remote Indigenous communities which have received services under the BIA telecommunications program.

Eight communities were approved to receive videoconferencing units, and nine communities were approved to implement Indigenous online content projects.

Number of people in the above communities who potentially have increased access to telecommunications services under the BIA telecommunications program.

The video-conferencing element will benefit more than 4000 Indigenous people.

COST

Administered expenses of \$1.2 million were incurred against this program in 2007–08.¹⁰

CONFIDENCE TO PARTICIPATE IN THE DIGITAL ECONOMY

While participation in the digital economy is overwhelmingly positive, there are also risks that must be managed:

- › security risks to home users and businesses
- › risks to children.

Security risks to home users and small businesses

Australian home users and small businesses are increasingly relying on online technologies for their day-to-day activities. While these technologies offer many benefits including increased efficiency and cost savings, they give rise to new e-security threats and provide new mechanisms to exploit existing threats. For consumers and small business these threats can expose them to identity theft or financial loss.

Given the integrated nature of the online environment, the vulnerability of home users and small business goes beyond their personal losses, and can have consequences for the protection of Australia's critical infrastructure and government's electronic networks. For example, compromised home and small businesses can be aggregated into huge networks to launch denial of service attacks or send malicious spam.

The Department has undertaken a range of e-security awareness initiatives for Australian home users, students and small business. These are part of the

10 This figure includes administered expenses relating to the community access phones element of this program.

CASE STUDY

Communities get online

The University of South Australia is being funded under the Indigenous online content element of the Backing Indigenous Ability Telecommunications Program to build up-to-date and culturally appropriate websites for the Wangka Wilurrara Homelands (SA) through the Gudiya Online Development Project. The websites will be controlled and maintained by community members.

Named for the Wirangu word for the Mulga tree, specific to the region and a major cultural identifier, the Gudiya Online Development Project builds on three existing programs within the communities of Koonibba, Scotdesco and Dinahilne in the Wangka Wilurrara Homelands, to provide a website for commercial activities such as tourism, cultural awareness training and to promote a café in Scotdesco.

The Koonibba community will use the website to assist community members to become more comfortable using computers. A Women's Centre worker is designing a newsletter which will be uploaded to the website and will be an example of up-to-date information that is relatively simple to produce. A blog will also allow people to interact with the site and the community and will be an excellent way for family who have moved away to keep in touch.

In April 2008, workshops were held in Scotdesco and Koonibba to collaborate on the website and to identify community champions for the project. Men and women across a range of ages attended. It was an opportunity for the young women who are already reasonably confident with IT to think about commercial uses of the internet and to build their own capacity as leaders. The Koonibba School has also shown an interest and anticipates producing and uploading short movies and self created works on the website to represent their community.

A group of young women who had recently completed a hospitality course are setting up a café in Scotdesco to attract tourists and workers travelling along the busy Eyre Highway. The group will use the website to advertise the café.

Australian Government's E-Security National Agenda. The four key Agenda initiatives undertaken by the Department are:

- › the development and implementation of the Stay Smart Online Alert Service
- › the development and implementation of an E-Security Education Module for Australian schools
- › the enhancement of the Stay Smart Online Website (www.staysmartonline.gov.au)
- › the coordination and management of the E-Security Awareness Week.

These initiatives are designed to raise the awareness of e-security with home users, school students and small businesses with a view to making their online behaviour and practices more secure. Such practices include installing and updating security software; using strong passwords and changing them regularly; being careful about sharing personal information online; and thinking before clicking on attachments or website links contained in emails from unknown sources.

Each initiative will be assessed as to how well it has increased the e-security awareness of Australian home users and small businesses, for example, through evaluation and surveys to ensure ongoing improvement. Evaluations are planned for the financial year 2008–09.

An e-security education module for Australian primary and secondary schools to deliver Australian school students with quality e-security learning resources is being developed. An external provider, Roar Film, has been engaged through an open tender process to develop and deliver this module, which is scheduled to be launched in Australian schools by the end of June 2009.

Enhancements to the Stay Smart Online website were undertaken including the addition of a Small Business Self-Assessment Tool. The tool is designed to help small businesses assess their security requirements and adopt appropriate practices and measures to improve their online security. Following its launch on 6 June 2008 as part the 2008 National E-security Awareness Week, 1007 people accessed the Small Business Self-Assessment Tool to 30 June 2008.

National E-security Awareness Week is an Australian Government initiative that aims to help Australian internet users understand e-security risks, and raise awareness among home users and small businesses about the simple steps they can take to protect themselves, their families and their businesses online. The 2008 Awareness Week, which was held from 6 to 13 June 2008, was delivered in partnership with 29 industry groups, community organisations, tertiary institutions and government agencies. Some 40 events and activities were held across Australia.

During the Awareness Week, there were more than one million hits to the Stay Smart Online website. Approximately 1500 registrations were made to the Stay Smart Online Alert Service during the Week.

Two not-for-profit community-based organisations, Australian Seniors' Computer Club and Community Technology Centres, were given small grants of \$20 000

each to deliver awareness raising activities in regional Australia. The Community Technology Centres Association conducted 19 events, with more than 500 attendees. The Australian Seniors Computer Club Association held three events, with more than 300 people receiving training.

Safety of children online

The Department is working with a number of agencies to deliver the Government's \$125.8 million package of cyber-safety initiatives announced on 13 May 2008. Key threats to children online include cyber-bullying, cyber-stalking, sexual grooming, exposure to illegal and inappropriate content, and breaches of privacy.

A Consultative Working Group on cyber-safety was established with members from the community, industry, business and government. The role of this group is to consider those aspects of cyber-safety faced by Australian children and advise the Government on priorities for action by government and industry. The group held its first meeting on 28 May 2008. Another element of the cyber-safety strategy, the Youth Advisory Group, is being established. The Youth Advisory Group will provide advice on cyber-safety risks and measures to address these from the perspective of young people.

Funding has also been provided to both the Australian Federal Police Child Protection Operations Team to expand its capacity to detect and investigate online child abuse, and the Commonwealth Director of Public Prosecutions to handle prosecutions and related activities arising from the increased investigations of online predators.

The Australian Communications and Media Authority has been provided with funding to implement a comprehensive range of education and school 'outreach' activities involving the professional development of school teachers, and general cyber-safety information presentations to parents, students and other key stakeholders. Funding has also been provided for information and reporting activities, including the development of cyber-safety websites and an online helpline for children.

Ongoing consultation is being undertaken with industry on internet service provider (ISP) filtering. The Australian Communications and Media Authority report on a laboratory trial of ISP filtering technologies, *Closed Environment Testing of ISP-Level Internet Content Filtering*, was completed in June 2008. Preparations commenced for the running of a live pilot of ISP filtering in 2008 in order to test a range of content filtering solutions in a real world environment. The pilot will involve ISPs and their customers.

NetAlert¹¹

The NetAlert PC content filters program, introduced in August 2007, provides PC content filters at no cost to the end user. This program was also aimed at increasing public awareness of online safety with easily accessible information. The availability of free PC filters for new users under this program will finish on 31 December 2008. Existing users will continue to receive technical support until 30 June 2010.

A national helpline (1800 880 176) and a website (www.netalert.gov.au) were established in August 2007 to provide advice about protecting children online and access to information about the free filters.

Enex Testlab was engaged by the Department to test PC internet content filters submitted by companies who had applied to be selected under the NetAlert program. Enex Testlab was also responsible for testing new versions of the PC content filters selected under the Scheme. A subsequent analysis by Choice Magazine found that all five of the products on the Government's Filter Scheme were amongst the ten best tested.

The then Government launched an information campaign on 2 September 2007 which encouraged parents and other carers to adopt measures to protect children online and to obtain and use a free filter. The media schedule was completed by 6 October 2007. The take-up of the free filters has, however, been significantly less than anticipated.

11 This program was also known as the NetAlert—Protecting Australian Families Online program.

FIGURE 2.12 NETALERT PROGRAM

Performance indicators	Results
EFFECTIVENESS	
Increase in the level of awareness of parents, teachers and others with responsibility for children, to online safety issues and how to deal with these.	<p>A national helpline (1800 880 176) and a website (www.netalert.gov.au) were established in August 2007 to provide:</p> <ul style="list-style-type: none"> › advice about protecting children online › information about the free filters › access to the free filters. <p>An information campaign was launched on 2 September 2007 to raise awareness and increase understanding of online safety issues. It also aimed to empower parents to protect their families from inappropriate online content. The launch was followed by a three-week media campaign that included television, radio and print advertising. A 15-second alert was run for two weeks, advising that an information booklet was going to be mailed out to approximately 8 million households during September 2007. The media schedule was completed by 6 October 2007.</p> <p>There was an increased response to the information campaign during the months of August–November 2007. In September 2007, calls to the contact centre averaged 154 per day—up from approximately 15 per day before the information campaign. Website visits averaged 5300 a day, up from approximately 2400 a day before the information campaign.</p>
Percentage of relevant Australian households, and others, which continue to use filters on an ongoing basis.	<p>Approximately 177 000 computer-based internet content filters have been accessed by the public. Of these, around 27 000 filters provided by the three vendors remaining in the scheme are still being used. This equates to the filters being accessed by around 10 per cent of the approximately 1.7 million households with an internet connection and children between the ages of two and 17¹². This is significantly less than anticipated and a survey is being undertaken to gauge the possible reasons for this.</p>
QUALITY	
Feedback from parents/teachers on the usefulness of filters and the ease of access.	<p>The NetAlert contact centre received 14 100 calls between August 2007 and 30 June 2008. Of these, 21 per cent or 2900 calls were transferred to internet content filter vendors so that they could provide technical support.</p> <p>Some customers provided feedback using the enquiries and feedback form. While the Department received some negative comments, most feedback has been positive, including requests from people seeking further information.</p> <p>A survey of the NetAlert website is being conducted during July–September 2008. The survey is being emailed to approximately 20 000 people who accessed a filter (including those no longer using a filter), and has also be placed on the NetAlert website for completion by website visitors.</p>

12 According to the 2006 Census, internet subscriptions are estimated by the Australian Bureau of Statistics to be growing at 15 per cent per annum, resulting in around 1.955 million households with an internet connection in mid-2007.

QUANTITY

Number of filters accessed.	At 30 June 2008 approximately 177 000 internet content filter licences had been obtained by potential users since the program launch in August 2007.
Number of visitors to the website.	At 30 June 2008 the NetAlert website had received 346 000 unique visitors and a total of 644 200 visitors since the launch in August 2007.

COST

Total administered expenditure for this program was \$12.3 million in 2007–08, \$6.1 million for the NetAlert—National Filter Scheme, and \$6.2 million for the Consumer Information Campaign.¹³

Government Advisory Committee of the Internet Corporation for Assigned Names and Numbers (ICANN)

ICANN is the not-for-profit organisation responsible for the global coordination of the naming and numbering systems that underpin the stable operation of the internet. The Government Advisory Committee is the platform by which governments provide public policy advice to ICANN.

In 2007–08, departmental officers participated in several meetings of the Government Advisory Committee. Significant issues addressed in 2007–08 included the development of frameworks for the introduction of new Internet Top-Level Domains (such as .sport) and Internationalised Domain Names (names that use non-Latin scripts). The committee also engaged in discussions with global stakeholders regarding future governance arrangements for ICANN.

Telecommunications and postal services

The often vast distances between communities in Australia’s regional, rural and more remote areas, and between these communities and metropolitan centres, makes telecommunications services important for people living and working in these areas.

The aim of policy and programs in this area are to:

- › increase the availability and reliability of voice telephony services, particularly in regional and remote areas
- › empower telecommunications consumers to understand and enforce their rights
- › promote Australia’s interests in international telecommunications forums
- › monitor the framework for competitively priced and reasonably accessible postal services.

13 This reflects Administered expenditure and does not include additional Departmental funds expended on the program.

AVAILABILITY AND RELIABILITY OF VOICE TELEPHONY

The focus of the Department's work relating to voice telephony during 2007–08 was on:

- › Telstra's transition from CDMA to Next G
- › basic phone services for remote Indigenous communities
- › programs to extend mobile phone coverage
- › secretariat services for the Regional Telecommunications Independent Review Committee.

Telstra's transition from CDMA to Next G

The Department supported the Minister throughout Telstra's transition from its CDMA mobile phone network to its Next G mobile phone network. On 18 September 2007, a licence condition took effect that required Telstra to keep the CDMA network open until the Minister was satisfied that the Next G network provided equivalent or better coverage and services. A decision was made on 17 January 2008 by the Minister that rectification activities were required by Telstra before the CDMA network could be closed.

As a result of encouragement by the Minister and the Department, and the decision in January 2008 by the Minister to not allow Telstra to close its CDMA network, Telstra introduced:

- › a dedicated hotline to assist customers experiencing coverage problems
- › an accreditation program for staff and stores to improve the accuracy and detail of information being provided to customers
- › an equipment replacement program that provided many customers with a free replacement phone upgrade and others with other equipment or the re-tuning of their phones to address their coverage problems
- › a team of over 50 customer advocates who assisted people to make the transition from CDMA to Next G
- › a phone health checking service that assisted customers who were experiencing high drop-out rates.

These initiatives enabled the Next G service to be improved to the degree that the Minister allowed the CDMA network to be closed on 28 April 2008. Telstra was required to commit to operating the hotline until 1 July 2008, reporting to the Minister one month and three months after CDMA closure, reporting to the Australian Communications and Media Authority for a year on call drop-out and congestion rates, and completing its store and staff accreditation program. The Department assessed Telstra's post-closure reporting to check that these follow-up commitments were met.

The Department also operated a hotline to respond to consumer issues regarding the transition. The hotline received 1830 calls during 2007–08, with only 13 of these in June 2008. Wherever appropriate, callers' issues were escalated to Telstra for follow-up.

Backing Indigenous Ability and Telecommunications Action Plan for Remote Indigenous Communities—Community Access Phones element

The objective of the Backing Indigenous Ability (BIA) telecommunications program is to improve access to essential telecommunications services for remote Indigenous communities.

The provision of voice services to remote Indigenous communities has been identified as a high priority in a number of Government inquiries, including the Telecommunications Services Inquiry (Besley Report, 2000), and the Regional Telecommunications Inquiry (Estens Report, 2002). This issue has also been raised with the Regional Telecommunications Independent Review Committee.

The Office of Audit and Evaluation reported in 2006 on its audit of the phones element of the Telecommunications Action Plan for Remote Indigenous Communities. The recommendations of that audit are being applied to the implementation of the Backing Indigenous Ability telecommunications program, although difficulties remain in attracting and maintaining service providers.

During 2007–08, the Department upgraded, monitored and maintained 217 robust community access phones in 125 remote Indigenous communities. The phones were installed as part of a trial program under the Telecommunications Action Plan for Remote Indigenous Communities (TAPRIC). These phones are:

- › checked that they are operating every four weeks
- › repaired as soon as practical once found or reported to be faulty, preferably within five working days for communities with only one community phone and preferably within 10 working days for all others.



Under the BIA, the Government is planning the installation of additional Community Phones in around 300 remote Indigenous communities that each has a population of under 50 people and do not already have a public payphone. This has required extensive planning as most of these communities do not have ready access to telecommunications infrastructure.

FIGURE 2.13 BACKING INDIGENOUS ABILITY AND TELECOMMUNICATIONS ACTION PLAN FOR REMOTE INDIGENOUS COMMUNITIES—COMMUNITY ACCESS PHONES ELEMENT

Performance indicators	Results
EFFECTIVENESS	
Development and increased access to telecommunications services in very remote Indigenous communities where there is telecommunication deficiency.	At each of the four weekly checks during the last quarter of 2007–08, an average of 87 per cent of community phones were operational. Of the phones found not to be operational, on 47 per cent of occasions these were faults with the phones, and on 53 per cent of occasions these were line faults.
QUALITY	
The benefit to the community from improved access to telecommunications services under the BIA telecommunications program.	<p>It is critical that these phones, which are often the only means of rapid communication available to these communities, are as robust as possible. During 2007–08, 213 of the phones were upgraded to make them more robust by replacing early, prototype equipment with a more reliable and improved design for the phone casing as well as upgraded internal parts.</p> <p>In addition, significantly more intensive monitoring arrangements were put in place (each phone is now checked every four weeks), together with more responsive maintenance arrangements to maximise the up-time of each phone.</p> <p>Progress was also made in 2007–08 on introduction of a mobile satellite phone option for communities with no access to any telecommunication infrastructure.</p>
QUANTITY	
Number of remote and very remote Indigenous communities which have received services under the BIA telecommunications program.	Overall, as a result of the installation of community phones, some 16 730 people based in 125 communities have access to increased telecommunications services.
Number of people in the above communities who potentially have increased access to telecommunications services under the BIA telecommunications program.	
COST	
	<p>Administered expenses of \$1.2 million were incurred against the Backing Indigenous Ability program in 2007–08.¹⁴</p> <p>Administered expenses of \$633 930 were incurred against the Telecommunications Action Plan for Remote Indigenous Communities¹⁵.</p>

¹⁴ This figure includes administered expenses relating to the Computers/internet/video-conferencing element of this program.

¹⁵ \$283 000 of unspent funding for the Telecommunications Action Plan for Remote Indigenous Communities was rephased into 2008–09.

Extending mobile phone coverage

During the year, the three major mobile phone carriers either completed or continued 3G network expansion initiatives. Telstra publicly reported that it has expanded its Next G network to an estimated 98.9 per cent of the population (or around 25 per cent of the Australian landmass). Optus and Vodafone are in the process of expanding their networks, with Optus publicly working to achieve 98 per cent coverage of the population by December 2009, and Vodafone working to achieve 96 per cent coverage by December 2008.

This highlights a high level of competition in the Australian mobile phone market which itself should lead to further expansion in coverage.

In 2007–08, the Department administered the remnants of three programs that were designed to increase mobile phone coverage in regional and remote Australia. These were the Mobile Connect—Terrestrial Mobile Phone Coverage program, the Telstra Social Bonus—Building Additional Rural Networks program, and the Telecommunications Service Inquiry Response—Regional Mobile phone program.

In 2007–08, no funds were expended under these programs for the purpose of extending mobile phone coverage. In late 2007–08 and early 2008–09, a request for proposals was released seeking applications to build and operate mobile phone towers in 16 locations.

Following extensive discussions with a number of mobile phone companies and the availability of subsidies of up to 100 per cent of the capital costs, no applications were received.

Satellite Phone Subsidy Scheme¹⁶

The aim of the Satellite Phone Subsidy Scheme is to make mobile satellite telephony more affordable for people living or working in areas that do not have mobile phone coverage from terrestrial networks. Around 75 per cent of Australia's landmass does not have any terrestrial mobile phone coverage.

¹⁶ Until 3 December 2007, this program was called the Connect Australia—Mobile Connect—Satellite Mobile Phone Subsidy Scheme. Funds were appropriated for this scheme under the Connect Australia suite of programs.

FIGURE 2.14 SATELLITE PHONE SUBSIDY SCHEME

Performance indicators	Results
EFFECTIVENESS	
The extent to which people living or working in remote areas avail themselves of the subsidy and access satellite telephony services.	Since the scheme started in 2002, the Department has processed more than 16 000 applications and issued over 14 500 approvals. Applications have been received from all states and territories, and from a wide variety of private individuals, small businesses, Indigenous corporations, community groups, volunteer organisations and educational institutions.
QUALITY	
The attractiveness of the subsidy arrangement and the efficiency of administration of the scheme.	<p>The average subsidy level for 2007–08, (at \$863), was more than 40 per cent of the typical cost of a satellite phone handset (around \$1995).</p> <p>During the year, the average time taken to process applications and payments was within the timeframes nominated in program documentation.</p>
QUANTITY	
Number of people or organisations approved for a satellite phone subsidy.	During 2007–08, 1 791 approvals were issued and this was in line with expectations for the year.
COST	
	Administered expenses of \$1.2 million were incurred against this program in 2007–08.

Communications Fund

The Department continued to work with the Australian Office of Financial Management regarding its role as investment manager for the \$2 billion Communications Fund. The Fund continued to meet or exceed its income benchmarks during 2007–08 with the result that its balance at 30 June 2008 was \$2.4 billion. The Department also liaised with other agencies on the transfer of the Communications Fund into the Building Australia Fund, announced in May as part of the 2008–09 Budget and expected to occur after 1 January 2009.

The Australian National Audit Office undertook fieldwork for an audit of the Communications Fund between January and March 2008, with the report tabled in September 2008.

Telecommunications regulation

The Department advised the Minister on issues relevant to the regulation of the telecommunications industry, including:

- › Telstra's decision to roll out ADSL2+ fast broadband to an additional 900 local exchanges in February 2008
- › the High Court's decision in March 2008 dismissing Telstra's challenge to the constitutional validity of the telecommunications access regime in Part XIC of the *Trade Practices Act 1974*.

The Minister introduced legislation in Parliament to remove doubt about the legal validity of access declarations made by the Australian Competition and Consumer Commission under Part XIC of the Trade Practices Act.

Following advice from the Department, the Minister issued a direction to the Australian Communications and Media Authority seeking advice on setting the Universal Service Subsidy level for 2008–09 with the advice to be provided in August 2008.

The Department engaged with the Australian Communications and Media Authority throughout the year on a variety of issues, including the regulation of next generation services such as Voice Over Internet Protocol (VOIP).

The Department sought research and analysis from a consultant on the factors affecting the take-up of VOIP services in the telecommunications market. Fourteen countries were researched, including Australia, to better understand the impact of policy and regulation on the emerging VOIP market. The research conducted provided insight into overseas policy models that could potentially be used in Australia.

The Department released the Universal Service Obligation Review issues paper on 15 August 2007. Submissions from 47 stakeholders were received and made available on the Department's website. Stakeholder submissions provided an important contribution to the universal service regime policy development process.

The Department engaged consultants to undertake a review of universal service regimes in 13 countries either with comparable conditions to Australia, or who have developed innovative policy or technology solutions. The objective was to inform the Department's general policy work on the Universal Service Obligation. The information is being used to better understand the arrangements in those countries and to identify possible policy models that could be used to improve the universal service regime in Australia.

Expiry of mobile phone licence

In late May 2008, the Department issued a Request for Tender for a consultant to provide an independent report that will identify and discuss issues and options available to the Government on the expiry of 15 year Spectrum licences between

2013 and 2017. These licences are used primarily to provide mobile and wireless broadband services.

Regional Telecommunications Independent Review Committee

The Regional Telecommunications Independent Review Committee was established by the *Telecommunications (Consumer Protection and Service Standards) Act 1999* to review the adequacy of telecommunications services in regional, rural and remote parts of Australia.

During 2007–08, the committee completed an extensive public meetings program throughout regional Australia, consulting with consumers, industry and all levels of government on issues relevant to telecommunications in regional areas.

After considering the findings of its consultation program, the committee is due to report to the Minister in early 2008–09, outlining the key directions and recommendations on areas of possible action.

The Department facilitated stakeholder interaction with the committee by arranging consultations with industry, state territory governments and 20 public and community meetings. In total, the committee met with more than 400 individuals in Western Australia, New South Wales, South Australia, Tasmania, Queensland, Northern Territory and Victoria. The Department also collated more than 200 submissions for the committee.

EMPOWER TELECOMMUNICATIONS CONSUMERS TO UNDERSTAND AND ENFORCE THEIR RIGHTS

Telecommunications Consumer Representation Stakeholder Forum

An increase in the number of consumer complaints to the Telecommunications Industry Ombudsman is an indicator of the need for more consumer focused telecommunications services. In the twelve months to the end of March 2008 there was a 54 per cent increase in the number of complaints.

In response to the increase in complaints to the Telecommunications Industry Ombudsman, together with concerns about the effectiveness of existing communications consumer representation arrangements, the Minister invited interested stakeholders, including industry and consumer organisations, to participate in a Telecommunications Consumer Representation Stakeholder Forum on 1 May 2008. The aim of the forum was to hear views on how consumer representation and participation industry processes could be improved. The forum agreed that consumers needed a new approach and a stronger voice to represent their interests.

Forum attendees suggested a number of ways to improve consumer representation practices. These included broadening consumer empowerment to enable consumers to drive competition and innovation and choices; having more regular consumer interactions with Government; encouraging consumer representatives to be more proactive in seeking information on new technologies and passing it onto their membership; and seeking increased resources for targeted research and multi-year funding of consumer representation activities.

The key outcome of the forum was support from consumer groups and industry bodies to form a new peak body for telecommunications consumer representation. This was seen as an effective way to improve the interface between consumers, industry and the Government. A small working group comprising representatives from consumer organisations with an interest in this new body commenced work on its establishment, with secretariat support provided by the Department. The working group developed broad based support from interested consumer groups for the establishment of a new body to be known as the Australian Communications Consumer Action Network.

Telecommunications Consumer Representation Grants

Section 593 of the *Telecommunications Act 1997* allows the Minister to award grants that give financial assistance to consumer representation activities and telecommunications research. Grants are allocated annually as part of an open, competitive, merit-based process.

FIGURE 2.15 TELECOMMUNICATIONS CONSUMER REPRESENTATION GRANTS PROGRAM

Performance indicators	Results
EFFECTIVENESS	
Regulation and policy is improved through active consumer representation.	<div>Key contributions made by the nine consumer organisations funded in 2007–08 included:</div> <ul style="list-style-type: none">› making submissions and representing a range of consumer interests to industry and government› contributing to the development of industry codes of practice, in particular, those designed to protect the long-term interests of consumers› attending meetings of the Communications Alliance’s Consumer and Disability Councils› informing the Department of consumer views and concerns to assist with inclusive policy development› identifying emerging issues of concern to consumers in the rapidly evolving telecommunications market, and working with industry to develop potential solutions› informing their constituent consumers of telecommunications developments and consumer protections.

Performance indicators	Results
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QUALITY

Appropriateness of the representation to assist in addressing issues.

In general, the representation activities undertaken by the funded organisations fulfilled a vital role, which would not be adequately met without support from the program.

As the telecommunications market has become increasingly complex, both industry and consumer groups have expressed concerns about the continued effectiveness of the current arrangements in providing strong consumer representation. As a result, the Department held a Telecommunications Consumer Representation Stakeholder Forum on 1 May 2008, to identify how consumer representation could be improved. A key outcome of the forum was support from consumer groups and industry bodies to form a new peak body for telecommunications consumer representation.

QUANTITY

Number of projects funded.

Nine organisations covering a broad range of consumer interests (including people with disabilities, regional and rural consumers, small businesses and peak consumer bodies) received funding for representation activities in 2007–08. Seventeen organisations received sitting fees to attend the Communications Alliance's Consumer and Disability Councils.

COST

Administered expenses of \$833 798 were incurred against this program in 2007–08.

Section 15 of the Telecommunications (Carrier Licence Charges) Act 1997 provides for the Australian Communications and Media Authority to recover from licensed telecommunications carriers the estimated total cost of grants likely to be made during the financial year. As a result, the program is budget neutral.

Telecommunications Consumer Representation – research program

The objective of the Telecommunications Research Grants is to support the conduct of high-quality, innovative research projects into the social, economic, environmental or technological implications of telecommunications developments in order to increase public knowledge and stimulate debate.

FIGURE 2.16 TELECOMMUNICATIONS CONSUMER REPRESENTATION – RESEARCH PROGRAM

Performance indicators	Results
EFFECTIVENESS	
Improved understanding of major policy and consumer issues.	<p>All funded projects addressed issues identified and approved as priorities for research by Ministers.</p> <p>Novita Children’s Services Inc completed its research report on ‘Investigating the usability of mobile phones for the ageing and disability markets’.</p> <p>Griffith University is continuing its research into ‘Telco Fees and Charges: Trends and Implications for Consumers’.</p> <p>La Trobe University commenced research into ‘Assessing the current and potential role of broadband infrastructure and access in community strengthening of drought-affected small towns and communities’.</p> <p>Griffith University commenced research into ‘The impact of high-speed broadband developments on youth consumption of internet (online) interactive services and consumer well-being’.</p>
QUALITY	
Public response to and use/ application of published research.	<p>There were no reports published in 2007–08. Three completed reports are expected to be published by December 2008.</p>
QUANTITY	
Number of research projects funded.	<p>Two projects from the 2006–07 funding round, together with two new projects from the 2007–08 funding round, were funded.</p>
COST	
	<p>Administered expenses of \$84 462 were incurred against this program in 2007–08.</p>

Faxspam

The sending of unsolicited fax marketing (faxspam) is not subject to specific regulation. Faxspam has been a longstanding issue of concern to some fax users, particularly small business, who are concerned by the paper/toner costs associated with fax marketing and their inability to opt-out of fax marketing approaches. The Department released a discussion paper on unsolicited commercial faxes (faxspam) on 27 August 2007. This paper was used to gather community views on faxspam and possible approaches that the Australian Government might consider to address identified concerns. There were more than 150 submissions received. The issue of faxspam is now being considered through a possible expansion of the eligibility to register on the existing Do Not Call Register.

INTERNATIONAL ACTIVITIES

The Department administers Australia's membership of the International Telecommunication Union (ITU) and the Asia-Pacific Telecommunity (APT) and provides the associated member state contributions. This facilitates participation by Australian Government and industry sectors that depend on the ITU to establish harmonised global standards and coordinated frequency allocations and, in the case of the APT, to coordinate regional positions that will be debated at the global level. The Department participated in the ITU Council, having been re-elected for a further four years in 2006, and pursued accountability and transparency issues with the ITU.

Similarly, the Department successfully lobbied to coordinate APT activity with other international organisations and donors, avoiding duplication of effort. This helped to link the APT with regional ITU work, the Asia-Pacific Economic Cooperation (APEC) Telecommunications and Information Working Group, and other Pacific activities.

Through the APT, the Department participated in regional preparations for the ITU World Telecommunication Standardisation Assembly. Two preparatory meetings were held, determining the positions for the Asia-Pacific region in line with Australia's objectives.

The Department worked with the ITU and APT to develop work programs for regional capacity-building in cyber security issues, development of pro-competitive regulatory frameworks and to support participation in telecommunications trade negotiations.

The Department supported the Minister's involvement in the APEC Telecommunications and Information Ministers Meeting in Bangkok in April 2008. The meeting provided an opportunity to reinforce Australia's interests in supporting the APEC objective of regional economic integration with secure and competitive communications and information services, promoting APEC-OECD cooperation on electronic security issues, and advocating greater

international attention to issues of child safety, undersea cable protection and the cost of international mobile roaming.

The Australian Government's participation in the Organisation for Economic Cooperation and Development's Future of the Internet Economy Ministerial meeting in Seoul, Korea 17–18 June 2008 was coordinated through the Department. The Ministerial meeting, the first of its kind in 10 years, was a landmark event for the global internet community. Key outcomes from the OECD Ministerial meeting on the Future of the Internet Economy included adoption of the Ministerial Declaration (the 'Seoul Declaration'), which will enhance the Australian Government's communications and digital economy objectives, and support greater international collaboration in cyber safety and cyber-security.

The Department coordinated the Australian Government's preparations for the Fourth Korea, Australia and New Zealand (KANZ) Broadband Summit provided an opportunity for ICT and digital content firms and research interests from the three countries to explore potential commercial linkages and ventures. The Summit also promoted the exchange of policy ideas between Governments.

The Department led the Australian Delegation at the World Radiocommunication Conference (WRC-07), 22 October–16 November 2007, Geneva. The WRC-07 considered and revised the provisions of an international treaty with the aim of meeting competing global demands for radiofrequency spectrum.

The following consultancies were commissioned by the Department as input to the Department's policy development processes:

- › the take-up of VOIP services in Australia and overseas
- › the telecommunications universal service regime in selected countries
- › telecommunications retail price controls in selected countries
- › international mobile roaming charges.

The Department coordinates its participation in international activities through an internal International Coordinating Committee. The committee is chaired by a First Assistant Secretary and ensures that Department's participation and contribution in international events and fora are aligned to its international engagement priorities.

International organisations contributions

The Department administers Australia's membership of the International Telecommunication Union (ITU) and the Asia-Pacific Telecommunity (APT) and provides the associated member state contributions.

The ITU and APT also convene policy discussions and conduct capacity-building activities with the support of membership contributions. This helps policy-makers and regulators in the region improve access, security and governance in the sector. Australia supports this work, with a particular focus on Pacific Island countries and with a view to extending Australia's Asia-Pacific Economic Cooperation trade liberalisation and security agenda to the wider region.

FIGURE 2.17 INTERNATIONAL ORGANISATIONS CONTRIBUTIONS

Performance indicators	Results
EFFECTIVENESS	
International agreements and services support Australian communications. International capacity-building activities support liberalised and secure communications.	<p>Australia contributed to international discussions, agreements and services relating to:</p> <ul style="list-style-type: none"> › targeted development activities that used a portion of Australia's annual member state contribution, focusing on key Asia-Pacific developing states and Pacific Island states › agreements at the World Radiocommunication Conference on the future international use of the radio frequency spectrum › international charging for telecommunications services, including global mobile roaming charges › cyber-security, including anti-spam legislation activities › international submarine cable development and protection issues › global internet governance arrangements.
QUALITY	
Extent to which outcomes of international forums and activities align with Australian objectives.	The Department has been successful in extending the APEC trade liberalisation and e-security agenda to the wider region. This is reflected in ITU and APT programs to support forums with a focus on regulatory reform, spam, e-security and malicious software issues, and to assist countries participating in bilateral and World Trade Organisation trade negotiations.
QUANTITY	
Number of activities publicly identified as supported by Australian contributions.	The Department was successful in championing a greater focus by the APT on the specific needs and interests of Pacific Island countries.
Number of countries engaged with Australian-supported activities of international organisations.	<p>The Department funded the placement of an officer in the APT to promote and coordinate regional activities in telecommunications standardisation. This officer also aims to increase the efficiency and effectiveness of the APT's programs and activities to enable the most effective use of Australia's member contributions.</p> <p>A portion of appropriated funds from the ITU contribution (\$651 526) is paid as targeted funding to support regional communications development projects. During 2007–08, Australia's targeted funding to the ITU supported six workshops and training programs, provided fellowships for four events and supported eight countries with direct assistance for telecommunications projects in the Asia-Pacific region, including funding the International Training Program hosted by the Australian Communications and Media Authority.</p>
COST	
	<p>An amount of 4 725 000 Swiss Francs (AUS \$4.9 million) was appropriated to the ITU in 2007–08 in the Grants to International Organisations item of our budget papers.</p> <p>An amount of \$256 000 is appropriated to the APT each year in the Grants to International Organisations item of our budget papers.</p> <p>The directed funding components of these contributions were \$651 526 for the ITU and \$205 801 for the APT.</p>

POSTAL SERVICES

Postal services remain an essential part of Australia's communications sector, with in excess of 5 billion mail items being sent each year.

In view of the social importance of its letter service, Australia Post is subject to a range of performance standards and community service obligations which are designed to ensure that its services reasonably meet the social, industrial and commercial needs of the Australian community.

In 2007–08, the Department provided advice on postal policy issues. Legislative amendments to the *Australian Postal Corporation Act 1989* received Royal Assent in September 2007. These amendments related to the interstate quarantine inspection of mail, the disclosure of information about articles seized by border control agencies and the disclosure of scam mail articles to consumer protection agencies. Regulations were made in March 2008 to give effect to interstate quarantine inspection arrangements.

The Department also has a shareholder role in Australia Post, which is a fully Government-owned Business Enterprise. It shares this role jointly with the Department of Finance and Deregulation. During the year the Department provided advice to the Minister on corporate and governance issues such as the appointment of Directors to the Board, Australia Post's Corporate Plan and the ongoing financial and non-financial performance of the enterprise.

Broadcasting and the switchover to digital television

Broadcasting occupies a central role in Australia's political, economic and cultural life. Virtually all Australians have access to television and radio services, and these services are integral to everyday life in Australia. Each household has an average of 2.3 televisions and 2 radios.

Australia has four broadcasting sectors—commercial free-to-air, subscription, community and national—each of which serve particular interests and audience needs. Most people have access to two or three commercial free-to-air television services, two national (public) broadcasting television services, pay television services, and a wide range of national, commercial and community radio stations. Together these services provide a wide and diverse range of programs to the Australian community.

During 2007–08, the Department provided advice to the Minister on a number of broadcasting issues including developments in the commercial, national and community television and radio sectors, and policy issues such as media ownership, anti-siphoning and broadcasting content issues. The Department also advises on corporate, funding and transmission issues relating to the ABC and SBS, and on ABC and SBS Board membership.

A key objective of broadcasting policy is to ensure that television, radio and other services comply with standards that protect consumers from inappropriate content, and that services support the development of Australian content. The Department provided advice to the Government on a range of broadcasting content issues, including reality and drama programs.

The Department consults regularly with the broadcasting industry on broadcasting issues. Key stakeholders include (in addition to broadcasters themselves), FreeTV Australia (representing the commercial television industry), Commercial Radio Australia (representing the commercial radio industry), the Australian Subscription Television and Radio Association (representing, amongst others, the pay television industry), the Community Broadcasting Foundation (which administers Commonwealth funding to community broadcasters), the Community Broadcasting Association of Australia (representing the community radio industry), and the Australian Community Television Association (representing the community television industry).

The Department provided the Government with briefing on the media diversity or ownership and control implications posed by a number of proposed media transactions in 2007–08. These transactions included Macquarie Media Group's acquisition of Southern Cross Broadcasting and subsequent on-selling of some of the former's commercial radio licenses, the Seven Network increasing its stake in Western Australian Newspapers, and the plans to privatise Consolidated Media Holdings (which did not proceed).

The Department provided the Government with advice on the ongoing operation of the anti-siphoning scheme, the requirement that a review of the scheme be conducted by 31 December 2009 and the Australian Communications and Media Authority's regular monitoring reports on the free-to-air broadcasters' use of the television rights they acquired for sports included on the anti-siphoning list. The Authority's fifth interim anti-siphoning monitoring report was published in 2007–08.

The Department continued to work with the Australian Communications and Media Authority to facilitate the commencement of digital radio services by commercial, national and community broadcasters in 2009.

The Department provided policy advice, support, and administered programs which:

- › facilitate the switchover to digital television by the end of 2013
- › support the national broadcasters
- › support the community broadcasting sector to deliver programming and convert to digital transmission
- › address consumer issues including access to services.

SWITCHOVER TO DIGITAL TELEVISION

The switchover from analog to digital television is a priority for the Department. The switchover is linked to the realisation of the so-called 'digital dividend' resulting from cessation of analog television services. Apart from more efficient use of spectrum than analog, digital television delivers higher quality pictures and sound, and offers the potential for enhanced features and services. Switchover will affect practically every household across the nation and it is a significant challenge to ensure that all Australians are well advised and prepared.

On 18 December 2007, the Minister announced that digital switchover would be completed by the end of 2013 and that a Digital Switchover Taskforce had been established within the Department.

On 26 March 2008, the Government announced its strategy including funding of \$37.9 million to drive Australia's transition to digital TV. The strategy will guide government and stakeholder activity so that Australia meets the deadline of 31 December 2013 for digital switchover.

An Industry Advisory Group has been established, bringing together broadcasters, retailers, manufacturers, strata managers and the Australian Communications and Media Authority. The group has helped to develop a handbook to assist developers, owners, managers and tenants of buildings with shared antenna systems to prepare for digital television switchover. It has contributed to discussions on a detailed timetable and a range of switchover issues that will affect the industry.

In implementing the switchover to digital television, the Taskforce has released a public discussion paper seeking submissions on regulatory mechanisms

to support a progressive digital switchover; released a select tender for a market research company to conduct research to inform the development of a labelling scheme and a communications campaign; and let a tender for quantitative research to track Australia's readiness to convert to digital television. An Inter-departmental Committee has also been convened to support effective consultation and coordination of digital switchover activities at the Commonwealth level.

The Taskforce has worked with a wide range of stakeholders through specialist subcommittees of the Industry Advisory Group. These include the:

- › Housing, Building, Property and Multi Dwelling Unit working group which has developed and published a *Digital TV Antenna Handbook*
- › Supply Chain working group which has been examining the requirement for labelling of digital television equipment and services
- › Communications working group which has been looking into branding and consumer education measures
- › Transmission and Spectrum working group which has focused on the development of a comprehensive timetable.

The Taskforce has also commenced regular consultations with broadcasters and the Australian Communications and Media Authority about the timetable for the switchover to digital television.

A quantity of spectrum will be freed-up from the Government's decision to complete the switchover from analog to digital television by December 2013. To assist in managing spectrum that is freed-up, the Department has commissioned a Digital Dividend Technical Consultancy—Stage 1 to provide a preliminary assessment of the potential quantum of the digital dividend.

Regional Equalisation Plan

The Regional Equalisation Plan was introduced in 2000–01 to assist regional and remote commercial television broadcasters with their conversion to digital broadcasting. The Department provided assistance by licence area in the form of capped annual rebates against broadcasters' licence fees, supplemented by a grants component (where necessary) to achieve total agreed assistance under the plan.

FIGURE 2.18 REGIONAL EQUALISATION PLAN

Performance indicators	Results
EFFECTIVENESS	
Timely progress of digital television broadcasting rollout. ¹⁷	<p>This plan provided licence fee rebates of \$23.4 million to regional and remote commercial television broadcasters, while \$300 000 was provided in the form of a grant.</p> <p>Most of the broadcasters in larger aggregated regional markets are now able to broadcast in digital and have received their total agreed rebates by the end of 2007–08. Licensees in some smaller regional markets will continue to receive rebates until 2012. Broadcasters in the remote WA licence area will receive assistance for eight years once they commence their digital services. The remote Central and Eastern Australia licence area has yet to have a start-up date for conversion determined, but once this occurs licensees will become eligible for assistance for a period of eight years.</p>
QUALITY	
Timely provision of annual grants to eligible regional broadcasters to support the rollout of digital broadcasting.	All grants were processed within agreed timeframes.
COST	
	Assistance of \$23.4 million was provided in the form of a rebate to license fees payable to ACMA. Administered expenses of \$300 000 were incurred against this program in 2007–08.

SUPPORT FOR THE NATIONAL BROADCASTERS

The Australian Broadcasting Corporation (ABC) and Special Broadcasting Service (SBS) are two of Australia’s most important public institutions. Each has an important place in Australia’s public life, with broad mandates that are set in legislation by the Parliament.

The Department provides policy advice about the national broadcasters, particularly in relation to funding, accountability and transmission issues. A key focus of the Department’s activity during the second half of 2007–08 was preparatory work for the review of the national broadcasters triennial funding from 2009–10 to 2011–12.

The future of the national broadcasters was a sub-theme on the 2020 Summit agenda and was discussed extensively in the Creative Stream. Relevant ideas from the Summit relating to the national broadcasters include:

17 This indicator has been amended since the Portfolio Additional Estimates Statements, to more accurately reflect the intent of the program

- › ‘make the ABC, SBS, and National Indigenous Television (NITV) the custodians of Australian stories, creativity and indigenous broadcasting’
- › ‘create a children’s channel on the ABC in order to provide quality content for children’
- › ‘encourage wider cross-sector representation on ABC and SBS Boards’
- › ‘introduce more cultural content on Radio Australia’.

ABC and SBS Digital Interference Scheme

The Digital Interference Scheme was established to reimburse the ABC and SBS for the cost of their contribution to the Digital Interference Management Strategy administered by commercial television broadcasters. The strategy was mainly established to help consumers overcome interference problems associated with the introduction of new digital services.

The contribution on behalf of ABC and SBS is 20 per cent of the actual costs incurred by free-to-air broadcasters, and is paid on the basis of receipts.

FIGURE 2.19 ABC AND SBS DIGITAL INTERFERENCE SCHEME

Performance indicators	Results
EFFECTIVENESS	
ABC and SBS effectively manage digital interference.	Digital interference issues in high-population urban markets (where interference problems may be most significant) have now largely been addressed. The focus now is on low-density regional markets where the problems are less significant. It is because of this that the level of re-imbursement in 2007–08 was relatively low at \$2827.
COST	
	Administered expenses of \$2827 were incurred against this program in 2007–08.

SUPPORT THE COMMUNITY BROADCASTING SECTOR TO DELIVER PROGRAMMING AND CONVERT TO DIGITAL TRANSMISSION

Community broadcasting

Australia has a sizable community broadcasting sector. There were 353 community radio broadcasting licences allocated across Australia at the end of June 2008.

To support this sector, the Community Broadcasting Foundation distributes funds to community broadcasters through a range of grant programs, under a funding agreement with the Department.

In 2007–08, the Government provided the Foundation with over \$8 million to:

- › support community broadcasting for the benefit of the general community, Indigenous Australians, the print handicapped and ethnic audiences
- › assist in the national, state and regional development of community broadcasting, including support for national associations of community broadcasters
- › provide infrastructure investment, training and transmission support.

During the year the Department was satisfied that the Community Broadcasting Foundation met its funded objectives and milestones. The majority of this funding was allocated for community radio related initiatives. An example of the benefits resulting from support provided to community broadcasting is described in the case study on page 72.

The Department advised the Minister regarding support for community broadcasting including options for conversion of community television broadcasters to digital and the commencement of community digital radio services. Funding of \$11.2 million over three years commencing 2009–10 was committed by the Australian Government to assist community radio to establish digital radio services in mainland capital cities. A further \$600 000 was announced in the May 2008 Budget to continue the National Training Program in 2008–09. The program will enable the community radio sector to plan and deliver accredited management and broadcasting skills training, particularly in regional, rural and remote Australia.

The Department provided advice to implement the Australian Government decision to continue to support the Australian Music Radio Airplay Project (AMRAP). A total commitment of \$2.4 million to extend AMRAP for a further four years commencing in 2008–09 was announced in the 2008–09 Budget. The project produces and distributes genre specific radio content and promotes contemporary Australian bands and musicians.

The Australian National Audit Office conducted an audit of the Department's internal processes for managing the Community Broadcasting Foundation program in May 2008. The audit focused on the governance arrangements and internal controls in place within the Department to ensure that the Department was accurately reporting on the Community Broadcasting Foundation program in its Annual Report.

The auditors finalised their review on 2 June 2008 and had no adverse findings to report.

CASE STUDY

An insight into community broadcasting

The Department provides ongoing annual support of \$3.9 million to ethnic, Indigenous, Radio for the Print Handicapped and general community broadcasting. General grants help to cover establishment costs for new stations, meet the ongoing costs of permanent licensed stations, produce programs for national distribution, support development activities, and encourage mentoring between community stations.

This kind of funding can make a real difference, as the people at Melbourne ethnic station 3ZZZ know very well. They received a grant to deliver accredited broadcast skills training to eight trainees from a variety of ethnic backgrounds. Trainees learnt how to use digital equipment and computerised editing software, and they improved their broadcasting and interviewing skills. Trainees can now make a more valuable contribution to their program production teams, resulting in culturally and linguistically diverse programs that are more engaging for their audience.

Community radio stations have also benefited from additional funds provided for transmission support. These grants help community radio stations to fund transmission equipment purchases and subsidise their transmission-related operational costs. Using grant money from this category, 2LVR in Forbes was funded to purchase a studio-to-transmitter link and audio processor. The link replaced one that was old and unreliable, and audio processing has improved reception quality, to the delight of the station's audience.

Mentoring, training and transmission support has helped many community broadcasters improve their services, attract new listeners and reach more people than ever before.

National Transmission Network Residual Funding Pool

The objective of this program is to provide funding assistance towards the transmission costs incurred by community broadcasters, Radio for the Print Handicapped, and three remote commercial broadcasters (Golden West Network, Imparja TV and North West Radio).

FIGURE 2.20 NATIONAL TRANSMISSION NETWORK RESIDUAL FUNDING POOL

Performance indicators	Results
EFFECTIVENESS	
Access to broadcasting services by specific target group audiences.	<p>The recurring grants made in 2007–08 were as follows:</p> <p>Radio for the Print Handicapped—\$421 829 was provided to subsidise transmission costs for Radio for the Print Handicapped services.</p> <p>Golden West Network—\$103 259 was provided to assist with the transmission of commercial television broadcasting services in remote areas of Western Australia (Broome, Carnarvon, Derby, Port Hedland, Karratha, Kununurra, Wyndham, Roebourne, Exmouth, Pannawonica and Moora).</p> <p>North West Radio—\$17 906 was provided to assist with the transmission of a commercial radio broadcasting service in remote areas of Western Australia (Broome, Derby and Kununurra).</p> <p>Imparja Television—\$5126 was provided to assist with the transmission of a commercial television broadcasting service in the Northern Territory (Alice Springs and Leigh Creek).</p> <p>Community Broadcasting Foundation transmission support—\$97 043 was provided for transmission support for community broadcasters.</p> <p>All payments were made in accordance with agreed timeframes, as set out in deeds of grant with the funding recipients.</p> <p>These grants ensured that users of Radio for the Print Handicapped and community broadcasting services continued to receive access to these services, and that commercial broadcasting services continued to be made available for households in certain remote areas of Western Australia, Queensland and the Northern Territory.</p>
COST	
	<p>Administered expenses of \$645 162 were incurred against this program in 2007–08.</p> <p>Uncommitted 2007–08 discretionary funding of \$638 838 was returned to consolidated revenue.</p>

Community Broadcasting National Training Fund

This national program is a four-year project to assist with the delivery of training services and the development of training resources for community radio. The National Training Program enables the community radio sector to plan and deliver accredited management and broadcasting skills training, particularly in regional, rural and remote Australia. The program also addresses the special training needs of radio for the print handicapped, Indigenous and ethnic community broadcasting.

FIGURE 2.21 COMMUNITY BROADCASTING NATIONAL TRAINING FUND

Performance indicators	Results
EFFECTIVENESS	
Access to training by targeted groups.	<p>The Community Broadcasting Foundation was provided with \$600 000 in 2007–08 to implement the National Training Program. Four rounds of broadcast training and two rounds of pilot training project grants have been offered, and trainees from 67 stations were funded to undertake 3405 hours of accredited training.</p> <p>The community broadcasting sector's engagement with broadcast training grants has significantly increased, with 33 per cent more hours of accredited training being funded than in the previous year. Of the 67 successful applications, 45 were from the designated target areas, that is, stations from regional, rural and remote areas, and trainees who identify as Indigenous, ethnic or who are involved in Radio for the Print Handicapped broadcasting.</p> <p>One pilot training project was funded to a total of \$50 000. This project seeks to encourage young Aboriginal and Torres Strait Islanders to engage with community broadcasting using a more accessible training process. This involves the station going to their schools (via outside broadcasting) rather than the students travelling to the station.</p>
COST	
	<p>Administered expenses of \$600 000 were incurred against this program in 2007–08.</p>

Community Broadcasting Transmission Support

Transmission support grants are provided to community broadcasting radio stations to help them pay for transmission equipment and to subsidise their transmission-related operational costs.

FIGURE 2.22 COMMUNITY BROADCASTING TRANSMISSION SUPPORT

Performance indicators	Results
EFFECTIVENESS	
Access to broadcasting services by community broadcasting audiences	Funding of \$1.5 million was provided to the Community Broadcasting Foundation in 2007–08 to assist community radio broadcasters with transmission costs. The Community Broadcasting Foundation held two funding rounds and made 187 grants to community broadcasters.
COST	
	Administered expenses of \$1.5 million were incurred against this program in 2007–08.

SUPPORT BROADCASTING CONSUMERS TO EXERCISE THEIR RIGHTS

The Department provides consumers with advice about what avenues are available to them to pursue any broadcasting related concerns. The Australian Communications and Media Authority is responsible for the administration of the complaints system set down in the *Broadcasting Services Act 1992*, which generally requires consumers to have first made their complaint directly to the relevant broadcaster. In certain circumstances, complaints may be referred to other relevant bodies such as the Advertising Standards Bureau, the Australian Competition and Consumer Commission, the Copyright Council or the Office of Fair Trading/Consumer Affairs in the complainant's State or Territory.

Media access review

The Department is leading an investigation into access to electronic media by people with a hearing or vision impairment. A discussion paper was prepared by the Department in consultation with the Attorney-General's Department, the Department of Environment, Water, Heritage and the Arts, the Australian Communications and Media Authority and the Human Rights and Equal Opportunity Commission. The discussion paper was released for public comment on 30 April 2008.

The investigation covers captioning and audio description on free-to-air and subscription television, films in cinemas, DVDs and audio-visual content on the internet. The discussion paper invited public comment on a number of key issues, including captioning on free-to-air and subscription television, as well as captioning on films shown in cinemas, on DVDs and audio-visual content on the internet. The discussion paper also examined the availability of audio description services for these media.

Submissions to the investigation closed on 13 June 2008. More than 160 submissions were received from representatives of the television, film and internet industries, as well as people with a hearing or vision impairment. The Government’s response is expected to be finalised before the end of 2008 or early 2009.

Television Black Spots—Alternative Technical Solutions

This program provides alternative solutions for television black spots that could not be rectified under the analog Television Black Spots Program. The Analog Television Black Spots Program, which closed in 2005–06, funded terrestrial delivery of services to signal-deficient areas.

The new program provides capital funding for eligible analog television black spots for either:

- › digital retransmission equipment, or
- › direct-to-home equipment (comprising a satellite dish and decoder), or
- › cabling to individual households.

Under the program guidelines, up to \$300 000 was available for each eligible black spot.

Most projects under this program were closed at the end of 2007–08. Two outstanding projects will be finalised in 2008–09.

FIGURE 2.23 TELEVISION BLACK SPOTS—ALTERNATIVE TECHNICAL SOLUTIONS PROGRAM	
Performance indicators	Results
EFFECTIVENESS	
Number of identified television black spots which are rectified.	<p>There were 17 projects being managed under the program during 2007–08.</p> <p>Field surveys were conducted to determine the availability of digital television signals to households in a number of television black spots on the Gold Coast of Queensland, and in the Tweed Shire and Lower Hawkesbury areas of NSW.</p> <p>In addition, remedial works were carried out on the Wye River analog television retransmission facility in Victoria to improve coverage to the black spot area.</p>
QUANTITY	
Number of grants acquitted.	Two grants for the Port Stephens (NSW) and Springbrook (Queensland) projects were acquitted in 2007–08.
Extent to which government targets for solutions are met.	Field surveys found that five eligible blackspots did not need a solution under the program because the local digital television signals were available to more than 80 per cent of households in those areas.
COST	
	Administered expenses of \$414 816 were incurred against this program in 2007–08.

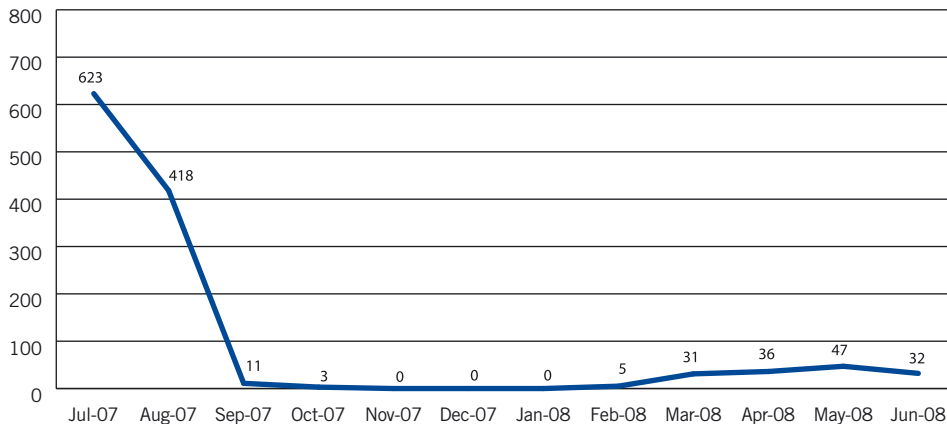
Timeliness of the delivery of Parliamentary reports, questions from Parliament and correspondence

The volume of ministerial correspondence continued to rise in 2007–08. There were 7637 items of ministerial correspondence responded to in 2007–08 of which 82 per cent were provided within the standard timeframes compared to 5432 items responded to in 2006–07 of which 53 per cent were provided within the standard timeframes.

Policies and procedures were put in place in early 2007–08 to improve timeliness and address the backlog of ministerial correspondence (see Figure 2.24).

Commencing in August 2007 more resources were dedicated to handling ministerial correspondence to improve timeliness and accuracy. A system of daily internal reporting, and weekly reporting to the Minister ensured that correspondence remained timely. However, constant vigilance is required as it only takes a few weeks before the problem blows out again.

FIGURE 2.24 TOTAL NUMBER OF OVERDUE CORRESPONDENCE ITEMS



The quantity of minutes and briefs also dramatically increased over the year, with the number of briefs provided more than doubling.

FIGURE 2.25 ADVICE PROVIDED WITHIN AGREED TIMEFRAMES

	2006–2007		2007–2008	
Type of Advice	Number	% on time	Number	% on time
Ministerial Correspondence	5432	53	7637	82
Minutes	850	n/a	1283	n/a
Briefs	157	86	416	73
Question Time Briefs	969	83	241	n/a
Parliamentary Questions on Notice	44	36	38	17

Client satisfaction and consultation

Client satisfaction and achievement of values and targets as represented in the Client Service Charter

The Department measures the level of client satisfaction with its service by conducting an annual client satisfaction survey. The survey was conducted in May–June 2008, and 1398 clients were asked to comment on their satisfaction. Clients were sent a questionnaire and asked to rate the Department's performance against the values and targets set out in the Client Service Charter.

A response rate of 45.8 per cent was achieved—616 of the 1398 questionnaires were returned. Overall, 97 per cent of respondents found the Department's overall customer service satisfactory or better, up from 94 per cent in the 2007 survey. The Department achieved client service satisfaction ratings of better than 90 per cent across each Division.

FIGURE 2.26 SURVEY RESPONDENTS BY DIVISION

Division	Number of returns	Percentage of returns (%)	% rating service satisfactory/excellent
Broadband	340	55	96
Broadcasting and Content	28	5	93
Digital Switchover Taskforce	14	2	100
Regional Strategy, Digital Economy and Research	101	17	97
Telecommunication, Network Regulation and Australia Post	133	22	96
Total	616	100%	97

Clients were asked to rate their satisfaction with the Department's customer service in detail. Figure 2.27 outlines satisfaction against criteria such as communications with clients; telephone, email and written enquiries; administration of funding programs; service delivery; and consultation on policy and legislation.


The survey results indicate the Department has improved its engagement of stakeholders in the development and review of policy and legislation, is seen to administer funding programs more fairly and is making more timely decisions on funding applications. Clients identified the time provided for consultation, and

publicising funding programs and how to apply for funding as areas where the Department needs to further improve its service.

FIGURE 2.27 OUTCOMES OF THE 2006, 2007 AND 2008 CLIENT SERVICE CHARTER SATISFACTION SURVEYS

Survey category	Results (rated performance as satisfactory to excellent)		
	2006	2007	2008
	%	%	%
Overall customer service	96	94	97
Communications with clients—quality	98	96	97
Telephone dealings with clients	98	96	95
Email dealings with clients	97	95	95
Written inquiries	94	92	93
Administration of funding programs	88	89	92
Service delivery (new report section for 2008)	N/A	N/A	93
Development and review of policy and legislation	87	80	82

Overall, there has been a positive improvement in client satisfaction levels. In 2008–09 action will be taken to address areas where performance has deteriorated.



Section 3

Management and accountability

Management and accountability

The Department's three corporate areas—Corporate and Business Division, Legal Group, and Finance and Budgets Group—provide operational and strategic support to the Department. These corporate areas include:

- › corporate governance
- › corporate planning and reporting
- › parliamentary liaison and coordination
- › business improvement
- › procurement
- › management of human resources
- › media and communications
- › information, technology and facilities
- › legal services
- › external scrutiny
- › financial management.

Corporate governance

The Department has continued to improve governance structures and arrangements to deliver on the Government's reform agenda to provide greater accountability and transparency, supported by improved business processes.

The Australian National Audit Office confirmed that the Department has measures in place contributing to sound corporate governance and financial management accountability which have been operating effectively both before and after the Administrative Arrangements Order changes.

These arrangements include:

- › regular meetings of the Executive Management Group and Senior Executive Service to oversee the strategic direction and performance of the Department
- › an Audit Risk and Evaluation Committee that meets quarterly and focuses attention on internal controls, internal audit activity, management of risks, review of financial reports, control of public monies, fraud control and regulatory compliance
- › an internal audit function that has a planned risk-based coverage of the Department's activities
- › fraud control and risk management plans that are regularly monitored and reviewed.

SENIOR MANAGEMENT COMMITTEES

Executive Management Group

The Executive Management Group is chaired by the Secretary. Membership consists of the Deputy Secretaries, First Assistant Secretaries, General Counsel and the Chief Financial Officer.

The Executive Management Group is the main forum in which the Department's corporate governance and accountability needs are discussed. The group:

- › sets and monitors the strategic direction of the Department
- › monitors the financial and non-financial performance of departmental and administered programs
- › acts as a forum for the sharing of information about major projects and activities
- › leads the development of departmental policies and procedures.

Audit, Risk and Evaluation Committee

The Audit, Risk and Evaluation Committee is chaired by a Deputy Secretary. In this reporting period two Deputy Secretaries held this position,

Ms Fay Holthuyzen and Mr Andy Townend. Membership also includes two First Assistant Secretaries, one of whom is always the First Assistant Secretary Corporate and Business, two Assistant Secretaries and one independent external member. Representatives from the Australian National Audit Office, the Department's internal auditors (Protiviti Pty Ltd), the Chief Financial Officer and General Counsel attend committee meetings as observers.

In accordance with the *Financial Management and Accountability Act 1997* (the FMA Act), the committee provides independent advice to the Secretary on the Department's control frameworks, externally published financial information, and compliance with statutory obligations. The committee considered a range of issues during the reporting period including matters relating to:

- › the financial statements
- › FMA Act Certificate of Compliance
- › internal audit plan and the associated audit reports
- › fraud, risk and business continuity planning.

Additionally, during the reporting period the Secretary met with the Committee to discuss the major risks faced by the Department and the committee's role in advising on the management of these risks. As a result the committee was able to refine its focus and role in relation to the development and finalisation of the financial statements, the FMA Act Certificate of Compliance and reviews of program performance.

RISK MANAGEMENT

The Department's risk management policy and guidelines are consistent with the current *Australia/New Zealand standard on risk management (4360:2004)*. The Risk Management Framework aims to help staff manage risk effectively and improve outcomes by identifying and analysing wider issues so that they can make informed decisions.

The Department undertook a review of the risk management policy and guideline documents as part of the departmental review and simplification of the Chief Executive's Instructions and Practical Guides. The Risk Management Plan 2007–09 was also reviewed in early 2008 to reflect machinery-of-government changes.

The Department continued to educate and raise awareness of risk management by:

- › delivering training sessions in which staff were advised of the changes to risk management through the Chief Executive's Instruction and amended Practical Guide
- › delivering a specialised risk management training course, facilitated by Comcover, the Australian Government's insurance provider
- › conducting biannual reviews of divisional risk plans.

The Department continued to participate in the annual Comcover benchmarking survey which measures performance in managing risk and assessing the extent of cultural change within agencies. The Department maintained its score of 7.6 out of 10, demonstrating an advanced level of achievement. This compares favourably to previous scores of 7.6 in 2006–07 and 6 in 2005–06.

FRAUD CONTROL

The Department's 2007–08 fraud control policy, guidelines and plan complied with the Commonwealth Fraud Control Guidelines. The Department has prepared fraud risk assessments and has in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes.

The Department undertook a review of its fraud control policy as part of the departmental review and simplification of the Chief Executive's Instructions and Practical Guides. The Fraud Control Plan 2007–09 was reviewed in early 2008 to reflect machinery-of-government changes.

Specialised fraud awareness sessions were available for staff to attend at six monthly intervals during the reporting period to educate and raise awareness of fraud control. The Department also held a Fraud Awareness Week during the year.

In 2007–08, a fraud awareness certification process was introduced that required staff to certify that they had read the Fraud Control Plan and understood their fraud control obligations.

There were no suspected or actual incidences of fraud referred to the Australian Federal Police during 2007–08.

BUSINESS CONTINUITY PLANNING

Business continuity planning is a key element of risk management. It aims to ensure the uninterrupted availability, or rapid restoration, of all resources required to support essential business outputs in the event of a disaster or significant disruption. This may include power outages, staff shortages, equipment failures, or a national security emergency such as a terrorist threat.

The Department's business continuity framework includes:

- › a Business Continuity Plan and associated disaster recovery and emergency procedures
- › a business impact analysis recommending how to restore interrupted services and resources and, until that is achieved, how to provide alternative resources to continue the delivery of the most important and time-critical business outputs
- › recognition of the newly implemented Continuity of Government Plan, which provides guidance on our responsibilities in relation to the continuity of the executive functions of Cabinet and the Federal Executive Council during a national emergency situation.

Preparations commenced during 2007–08, for the testing of the Department's Business Continuity Plan. The Department expects to be able to test and modify its operational business continuity arrangements in 2008–09. Following this testing, the results will be assessed and new awareness sessions for staff will be conducted if this is considered appropriate.

INTERNAL AUDIT

Internal audit services were provided by Protiviti Pty Ltd and monitored by the Audit, Risk and Evaluation Committee. The Internal Audit Plan 2007–08 was developed after consideration of the strategic risks identified in the Risk Management Plan 2007–09, and following discussions with senior managers.

Internal audits conducted during the year covered:

- › compliance with FMA Act obligations
- › financial management reporting
- › NetAlert preliminary, final and pre-performance
- › Connect Australia program management
- › training and staff development
- › the Backing Indigenous Ability—Community Access Phones element
- › the Australian Broadband Guarantee.

The reviews of payroll processing and travel management included in the internal audit plan 2006–07 were finalised in 2007–08.

The audits conducted found a strong and positive attitude to internal control, together with matters that require a continued focus, including:

- › the design of controls to ensure efficiency
- › maintenance of skills in program delivery
- › codification of key elements in program delivery
- › consistent assessment of risk
- › budgeting issues and response strategies to under spends.

A number of recommendations were made in relation to the completed audits but no serious control breaches were identified. The Audit, Risk and Evaluation Committee monitored the implementation of report recommendations through six-monthly status reports.

EVALUATION

The Department has a three-year rolling evaluation program. Progress against the program is reported to the Executive Management Group, and biannually to the Audit, Risk and Evaluation Committee.

The following management-initiated evaluations were completed in 2007–08:

- › the effectiveness of the Annual Report—the process of developing and delivering the Department's Annual Report is evaluated every few years, and with the machinery-of-government changes this review was timely.
- › the performance of the Department's international activities to ensure that the Department maximises value from all of its international engagements. The evaluation has assisted the Department to review its priorities for international activities and the efficiency of its procedures and practices to enhance the overall effectiveness of its international engagement.
- › the performance of the Department's information technology services provider which assessed their performance against the key performance indicators of the service agreement. The service provider's performance was assessed as satisfactory or better and met the conditions of the contract.
- › the effectiveness of the Television Black Spots—Alternative Technical Solutions program.
- › the effectiveness of the former Internet Access Program which was an element of the Telecommunications Action Plan for Remote Indigenous Communities (TAPRIC). The findings from the evaluation have assisted the Department in reviewing the internet/computer element of the Backing Indigenous Ability program.

Evaluations commenced in the reporting period, but not yet finalised:

- › an evaluation of the Department's spatial data capabilities, which is examining the role of spatial data collation and analysis, including the existing skills, capabilities and capacities, and the potential for efficiencies through the application of Geospatial Information Systems technologies in business. The evaluation will be completed in 2008–09.
- › an evaluation of the payroll and personnel administrative services provided by the Department's outsourced service providers. This was a requirement of the provider contract. The final report will be presented in 2008–09.

Two further evaluations were deferred from the plan:

- › an evaluation of the Australian Broadband Guarantee was deferred because the program was subjected to an internal audit during 2007–08 which focused on the program's expenditure and operations.
- › a review of office automation was deferred due to the impacts of the machinery-of-government changes and the internal reform program. This evaluation will be rescheduled.

Corporate planning and reporting

In January 2008, the Department increased its focus on corporate planning and reporting by establishing a dedicated section to coordinate internal and external performance reporting.

SENIOR MANAGEMENT COMMITTEE

Performance Reporting Committee

The Performance Reporting Committee is chaired by the Secretary or a Deputy Secretary. Membership consists of a Deputy Secretary, the Chief Financial Officer, three First Assistant Secretaries and an Assistant Secretary. The membership of the committee reflects the Secretary's priority to improve program performance.

The committee was established in early 2008 and has two key areas of focus:

- › the quality and consistency of internal performance reporting
- › quality assurance of mandatory reporting

During the year, the committee reviewed the Department's monthly performance reports, key performance information, and the overarching reporting framework. The committee facilitated increased transparency in program reporting resulting in the identification and timely management of program risks.

CORPORATE PLANNING

The machinery-of-government changes of December 2007 required a revision of the Department's corporate plan and associated documentation.

Work began on a new *Strategic Directions 2008–2010* document which encompasses the Department's change of focus and priorities. The document was developed with Department-wide consultation, and has now been released on the Department's intranet.

The performance reporting regime was also extensively revised in 2007–08 to provide the Executive with a more robust system for monitoring and reporting on performance. The Department has moved from quarterly non-financial performance reporting to monthly reporting focusing on both the financial and non-financial performance of each administered program. The Performance Reporting Committee oversees this function.

CLIENT SERVICE CHARTER

The Department's Client Service Charter outlines our commitment to deliver high-quality service to clients. The charter explains what the Department does and the standards of service clients can expect, and explains the steps clients can take if service standards are not met.

The charter was reviewed in 2008 to reflect the change of focus following the machinery-of-government changes. It is available from our website at www.dbcde.gov.au or by sending a written request to the Manager, Corporate Planning and Reporting at the following address:

Manager, Corporate Planning and Reporting
Department of Broadband, Communications and the Digital Economy
GPO Box 2154
Canberra ACT 2601
clientservice@dbcde.gov.au

To measure our clients' satisfaction, we conduct a client satisfaction survey each year. The results of the 2008 survey are outlined in the 'Client satisfaction and consultation section' of this report (see page 79). Overall, 97 per cent of respondents found the Department's service provision as satisfactory or better in 2007–08.

RECONCILIATION ACTION PLAN

The Department's Reconciliation Action Plan recognises the unique position of Indigenous Australians. It uses practical measures that address current disadvantages in Australia and recognises our commitment to working continuously to improve services to Indigenous people. The plan was developed in 2007 in consultation with staff and clients, and takes into account feedback from annual client surveys. It is subject to annual review to ensure it remains current.

The change in focus after the introduction of the new Administrative Arrangements Order meant that the Reconciliation Action Plan needed to be revised. The revised plan will be lodged with Reconciliation Australia early in 2008–09 together with a report on the current period.

Parliamentary liaison and coordination

The Parliamentary Liaison team is responsible for ensuring that the Minister's Office, Executive and Divisions receive high quality parliamentary support. A separate Coordination team assists in the broader role of coordinating responses to requests for information from the Minister, the Executive and non-portfolio agencies. The Coordination team also coordinates input to various departmental documents such as briefing material for the Minister including briefing for the Community Cabinet meetings, Ministerial visits, and co-coordinating responses to cabinet submissions and parliamentary questions on notice.

Both teams successfully managed the Department's obligations in relation to the Caretaker period and the preparation of the Incoming Minister's briefing and ensuring guidelines were in place for parliamentary processes following the appointment of the new Minister and portfolio changes.

Business improvement

Following consultations with staff and stakeholders, approximately 40 business reforms were announced by the Secretary at an all-staff meeting on 31 August 2007. A Business Improvement Unit was established to progress the reforms across the Department in order to streamline departmental processes, communications and operations. These initiatives helped to achieve the key priorities for the Department set out by the Secretary, including:

- › providing influential advice on the Government's policy agenda, delivering on its goals effectively and produce the outcomes required
- › clearly spelling out our directions and outcomes
- › having processes that support—not hold back—the delivery of outcomes
- › focusing on communication and change the approach to risk management rather than risk avoidance
- › engaging at all levels to build confidence in the Department, particularly from the Minister and the Minister's office; industry, clients and other stakeholders; and central agencies.

Progress on the reforms was reported at all-staff meetings convened by the Secretary on 16 November 2007 and 2 May 2008. Nearly 90 per cent of the reform program was completed before 30 June 2008.

Examples where reform initiatives have strengthened the Department's outcomes and performance include:

- › streamlining the Chief Executive's Instructions and Practical Guides and devolving delegations in order to cut red tape and reduce bottlenecks (refer case study on page 93)
- › introducing upward feedback mechanisms in the Senior Executive Service Performance Management System to strengthen leadership
- › establishing a clear and logical organisational structure so that staff and clients can readily locate areas within the Department with whom they deal
- › completing staff satisfaction surveys of our Corporate and Finance areas and using the results to develop improvement strategies
- › introducing face-to-face induction sessions to brief new staff on our strategic context
- › delivering regular Talking Heads sessions to link staff with key issues and views of industry and the wider Australian Public Service
- › improving the quality of advice on the Government's policy agenda to advance priorities and commitments.

CASE STUDY

Reforming the Department's Chief Executive's Instructions and Procedural Rules

In August 2007, the Secretary announced that the Department's Chief Executive's Instructions (CEIs) and Procedural Rules would be simplified and re-written. The intent was to deliver commonsense, practical instructions and processes which would provide sound internal controls, appropriate to our risks, and support the delivery of outcomes, whilst still maintaining accountability.

The content owners—Finance, Corporate and Legal groups—as well as the Business Improvement Unit and other executive staff formed a steering group for the process. Staff were invited to join a working group which road-tested and commented on the revised instructions, and provided input into how the Department could streamline its key business processes. The Secretary worked through several versions of the revised drafts and encouraged the working group to consider substantially reforming the old documents to make them more relevant and clearer.

The new CEIs, Practical Guides and financial delegations became effective on 1 May 2008.

The CEIs were reduced from 65 pages to 19, a reduction of 70 per cent in size and now cover 45 matters (previously 57 matters were covered). The Practical Guides, which replace the Procedural Rules, were reduced from 440 pages to 264, a decrease in size of 40 per cent and these now cover 34 matters (previously 45 matters were covered).

Briefing sessions on the revised CEIs, Procedural Rules and financial delegations were held for all staff through nine sessions and a DVD and Powerpoint presentation were provided on the intranet. At the staff briefing sessions and through other forums since this time, staff were invited to contribute in an ongoing way to identify further areas to streamline and better support our business outcomes within a good governance, risk management framework.

Procurement

The Procurement Management and Reporting Unit provided assistance to business areas to undertake each procurement activity in an efficient, effective, non-discriminatory competitive environment to achieve a value for money outcome. Advice was provided relating to market approach, advertising, evaluation, agreement developments and the Department's agreement reporting obligations. The Department's procurement processes are consistent with the requirements of the Commonwealth Procurement Guidelines as issued by the Department of Finance and Deregulation and amended from time to time.

The Department's online document creation system (Exari) delivers the latest compliant documents to business areas, including agreements and correspondence. The system will also enhance the Department's reporting abilities.

The Department's internal policies are flexible and are based on a relatively decentralised model. Greater responsibility and accountability is achieved by Divisions taking responsibility for developing requirements and managing contracts. However, important checking and control mechanisms are in place. A senior officer in the relevant Division must approve any consultancy contract, and both the Legal Group and the Procurement Management and Reporting Unit, provide, on request, advisory and administrative support to project officers who are involved in contracting.

The implementation of AusTender II (the Australian Government's online contract reporting system) resulted in changes to the gazettal process from 1 July 2007. This led to a further review of internal processes in relation to procurement and procurement reporting which resulted in significant improvements to the overall data quality.

Consultants

Consultants are engaged by the Department for a variety of purposes, typically to provide complex professional services that the Department does not have the ability to perform in-house. These services include technical advice, financial advice and specialised information technology services.

During 2007–08, 84 new consultancy contracts were entered into involving total actual expenditure of \$7.3 million. In addition, 21 ongoing consultancy contracts were active during the 2007–08 year, involving total actual expenditure of \$3.5 million.

Many of the Department's smaller value contracts were transferred to other portfolios due to the machinery-of-government changes. As a result, the number of contracts managed by the Department fell by 67 per cent while expenditure on contracts fell by 4 per cent.

Further details are provided in the consultancy list available on the Department's website at www.dbcde.gov.au. Information about expenditure on contracts and consultancies is also available on the AusTender website www.tenders.gov.au.

COMPETITIVE TENDERING AND CONTRACTING

As per Annual Report requirement, Item 7, Management and Accountability, in 2007–08 there were no competitive tendering or contracting contracts of \$100 000 or more (inclusive of GST) which did not provide access to the contractor's premises for the Auditor-General.

EXEMPT CONTRACTS

As per Annual Report requirement, Item 8, Management and Accountability, in 2007–08 there are no current contracts or standing offers that have been exempted by the Secretary from being published on AusTender on the basis that they would disclose exempt matters under the *Freedom of Information Act 1982*.

Management of human resources

Important achievements in 2007-08 were:

- › developing and implementing new recruitment policies and guidelines that promoted the use of innovative approaches to staff selection and set targets for reducing the time it takes to fill vacancies. A review of recruitment activity found that three months after the introduction of the new guidelines, the average time to fill a vacancy was 49.34 days. In 2006, the average time taken to fill a vacancy was 144 days.
- › selection training: a corollary to this work will be an improved online recruitment system which will be implemented in the new reporting period
- › re-assessment of HR delegations, which devolved greater authority to line managers and increased the number of authorised signatories
- › investment in a face-to-face induction program that supplemented the other elements of the induction process, including documentation, an online learning module, and workplace orientation
- › developing much more comprehensive and intuitive templates for the online performance management system, which will be available for the 2008–09 performance cycle. This work involved considerable consultation with staff from across the Department and review of best practice approaches from other organisations.

Following the machinery-of-government changes on 3 December 2008, significant resources were devoted to implement the functional changes and ease the transition of staff to other agencies. The movement of 375 staff to three other agencies necessitated extensive liaison and consultation both within and outside the Department. The smooth transition of these staff and the subsequent establishment of HR framework elements for the new Department was a commendable achievement.

SENIOR MANAGEMENT COMMITTEES

Health and Safety Committee

The Health and Safety Committee was chaired, in the current reporting period by the Assistant Secretary, Research, Statistics and Technology Branch. Membership comprised the Manager, HR and Operations, and Assistant Manager, Occupational Health and Safety, and a number of representatives from across the wider Department.

The committee reports to the Executive Management Group on the Department's progress in meeting its occupational health and safety (OH&S) responsibilities.

The committee reviewed, discussed and made recommendations on a range of issues throughout the year, including:

- › training for health and safety representatives
- › conducting the Department's annual Health Week
- › incident and accident reports and actions
- › revising a number of OH&S policies
- › implementing the Department's Health and Safety Management Arrangements
- › introducing OH&S managers training.

Human Resource Management Committee

The Human Resource Management Committee is chaired by the First Assistant Secretary, Corporate and Business. A number of other senior executives from across the Department constitute the committee.

The committee provides strategic advice and direction on the Department's human resource initiatives. The committee guides the development of human resource strategies and programs and reports to the Executive Management Group on progress against the *HR Strategic Directions 2006–10* and the *Workforce Action Plan 2005–10*.

A range of initiatives were developed in consultation with the committee during the year, including:

- › a face-to-face induction program
- › a staff rotation program
- › a rewards and recognition program
- › a skills and knowledge transfer strategy
- › a succession management strategy
- › a series of financial management training modules and an Executive Level 2 development program and options for SES development.

Most of these initiatives have been agreed and implemented. Others are still being considered and will be finalised in the new reporting period.

The Committee also monitors and provides advice on a range of operational HR issues, including:

- › participation in training programs and the performance management system
- › reviewing human resource policies
- › the performance and review of the Department's HR service providers
- › periodic analysis of workforce metrics.

Workplace Consultative Committee

The Workplace Consultative Committee is chaired by the Secretary. Membership includes the First Assistant Secretary, Corporate and Business, the Chief Financial Officer, an Assistant Secretary, staff representatives from each Division, a representative of the Department's Graduate Program and the relevant union representatives.

The committee is established under the Department's Collective Agreement as a direct consultative mechanism with staff. Staff representatives on the committee provide advice to management on a range of workplace issues. They also help monitor the implementation of the collective agreement and progress toward achieving the pre-conditional salary increase components specified in the collective agreement.

During the year, the committee considered a range of issues, including:

- › ramifications of the departmental restructure
- › implementing a new collective agreement
- › reviewing travel arrangements.

Workplace Diversity and Harassment Committee

The Workplace Diversity and Harassment Committee is chaired by the Assistant Secretary, Human Resources and Communications. Membership includes the Manager, HR Operations, the Assistant Manager, Workplace Diversity, and two workplace diversity and harassment officers.

The committee promotes and supports the Department's commitments to workplace diversity and eliminating workplace harassment. It monitors and reports on the implementation of the objectives of the Workplace Diversity and Eliminating Workplace Harassment Plan and activities associated with celebrating NAIDOC Week, Harmony Day and Reconciliation Week.

WORKFORCE PLANNING

The Department's *Workforce Plan 2005–10* was originally developed in the former Department of Communications, Information Technology and the Arts. Annual reviews of the plan aim to analyse the current workforce profile and identify key trends or potential risks that may affect future capability and resourcing.

Key workforce risks identified in the workforce plan continued to be monitored, while the new staffing arrangements came into place as a result of the machinery-of-government changes. The focus since then has been to ensure that workforce planning reports reflect the current departmental structure and provide an accurate platform for future workforce analysis. The annual review of data for 2007–08 will provide the basis for re-establishing workforce benchmarks for trend analysis and identifying areas of the plan that need adjustment.

STAFFING OVERVIEW

At 30 June 2008 the Department had 626 ongoing and non-ongoing staff compared with 888 at 30 June 2007. The machinery-of-government changes of December 2007 resulted in 375 staff moving to three other departments:

- › the Department of Environment, Water, Heritage and the Arts
- › the Department of Health and Ageing
- › the Department of Innovation, Industry, Science and Research.

At the commencement of the new Department of Broadband, Communication and the Digital Economy 587 staff were transferred to the new organisation. This included ongoing and non-ongoing staff and staff on reassignment to and from other APS agencies.

Detailed staffing statistics are provided in appendix 8.

Workplace diversity

The Department is committed to creating an inclusive work environment that is free from harassment and enables staff to contribute to their full potential. The *Workplace Diversity Plan 2007–10* outlines complementary initiatives that help the Department build a harmonious, productive and rewarding workplace. A new draft plan for eliminating workplace harassment has been developed and is due for release by the end of 2008.

The Workplace Diversity and Harassment Committee continued to monitor the implementation of the objectives and strategies outlined in the Workplace Diversity Plan. Progress on implementation of the plan has progressed well with almost all new initiatives implemented and ongoing activities completed for the reporting period. The Department's workplace diversity and harassment contact officers continued to assist in the promotion of workplace diversity principles and provide advice and support to management and staff.

Full details of the Department's workplace diversity statistics are provided in appendix 8.

Of all staff, 63.4 per cent volunteered diversity data, which is a decrease on the figure of 85.9 per cent reported in 2006–07. The decrease is likely a result of a number of staff who previously volunteered diversity information moving from the Department following the machinery-of-government changes. In August 2008 improvements to the diversity data collection system were implemented.

In summary, women represented 56.4 per cent of total staff and 32.4 per cent of the SES. The percentage of staff identifying themselves as people with a disability was 1.9 per cent. According to the *State of the Service Report 2006–07*, the APS average is 3.3 per cent. In order to ensure that the Department is attracting and recruiting people from this important segment of the labour market, a disability recruitment strategy is being developed and is expected to be implemented by the end of 2008.

Commitment to Indigenous staff

The percentage of staff identifying themselves as being from an Aboriginal and/or Torres Strait Islander background was 0.8 per cent (five staff), representing a decrease of 28 staff from the last reporting period. The decline in Indigenous staff numbers is primarily due to the machinery-of-government changes and the transfer of the previous Department's Regional Network where the majority of Indigenous staff were located.

The Department will implement an Indigenous recruitment strategy in the near future, with the aim of increasing the number of Indigenous employees in the Department and improving retention rates. In 2007–08, the Department also employed graduates through the Australian Public Service Commission (APSC) Indigenous graduate program.

The Department encourages Indigenous staff to take full advantage of a wide range of networking and learning and development opportunities offered by the APSC for Indigenous APS staff. Indigenous staff from the Department attended network meetings, alumni and graduate events and induction, training programs and orientation sessions for new Indigenous staff.

COLLECTIVE AGREEMENT

The former Department of Communications, Information Technology and the Arts (DCITA) was abolished on 3 December 2007 in the administrative order re-arrangements. Employee terms and conditions previously provided by the DCITA Collective Agreement 2007–10 are preserved by a Determination made by the Public Service Minister on 13 March 2008, under subsection 24(3) of the *Public Service Act 1999*.

The Collective Agreement commenced in July 2007 and provides salary increases of 4.1 per cent per annum over the three years of the agreement. Of the salary increase, 1.5 per cent is linked to the achievement of pre-conditions including, 0.5 per cent for the completion of mid cycle performance review, 0.5 per cent for the completion of the end-of-year assessment and 0.5 per cent for attendance at core learning and development programs and courses. All pre-conditions of the annual pay rise were met. The agreement included some improvements in conditions of service including changes to maternity leave and adoption leave conditions.

CONDITIONS AND REMUNERATION

Senior Executive Service conditions and remuneration

Previously, all Senior Executive Service (SES) employees in the Department were covered by comprehensive Australian Workplace Agreements (AWAs) that set remuneration and non-salary components.

In accordance with government policy, AWAs are no longer offered. Pre-existing AWAs continue in effect until they are replaced or terminated under the *Workplace Relations Act 1996*. SES employees new to the Department or new to the SES level now have their terms and conditions of employment set by individual Determinations made under subsection 24(1) of the *Public Service Act 1999*. These Determinations set remuneration and non-salary components including superannuation, performance-based pay and general conditions of service, including the Executive Vehicle Scheme.

Individual non-SES terms and conditions

Non-SES employees previously had the option of entering into an AWA to provide a range of benefits, including access to performance-based pay, individual salary, skill/responsibility components and/or non-salary items.

As with SES employees, AWAs are no longer offered. Pre-existing AWAs continue in effect until they are replaced or terminated under the *Workplace Relations Act 1996*.

Where appropriate, special terms and conditions of employment are currently provided to non-SES employees through the use of common law contracts. These contracts provide a range of salary and non-salary benefits including performance-based pay and recognition of skill/responsibility components. At 30 June 2008, 149 non-SES staff were on individual agreements.

The majority of non-SES individual agreements are with executive level staff. However, they are available—and may be used—across all classification levels.

Performance management

Performance management continues to be a priority for the Department. Achievement of minimum targets for performance management participation informs pre-conditional components of the salary increases provided by the Collective Agreement. In 2007–08, 97 per cent of staff completed their mid-cycle performance review and end-of-year assessment within the necessary timeframes.

In response to staff feedback, the Online Performance Management System was reviewed in 2007–08 to enhance usability. Wide ranging consultation took place with staff to define the changes needed and to fine tune the enhancements. As a result, a revised Online Performance Management and Development Plan will be available for the 2008–09 performance cycle.

One-off performance bonus payments are available to non-SES staff who are party to an AWA or common law contract and to all SES staff. Payment of a bonus is dependent on an individual performance assessment outcome of 'very good' or 'outstanding'. Bonus payments are determined from the performance outcome and the sliding scale of payment outcomes provided through the AWA, common law contract or subsection 24(1) Determination of the *Public Service Act 1999*.

Movement through the non-SES salary ranges for each classification is also dependent on satisfactory performance. Staff are not eligible for advancement unless a performance agreement has been developed and their performance has been assessed as being 'good' or higher.

Capability development

The Department's Workforce Action Plan aims to ensure that the Department has the workforce capability needed to achieve its outcome. The key strategic focus of the action plan is to build and retain workforce capability across the employment lifecycle. Over the past year, this strategy has been progressed through the following initiatives:

- › refining entry-level recruitment programs for university and year-12 graduates
- › implementing a comprehensive induction program that includes face-to-face information sessions and online resources
- › delivery of the full suite of internal capability development programs, including a pilot Executive Leadership Program for Executive Level 2 staff
- › implementing a rotation program for staff who want to broaden their experience within the Department
- › expanding the internal core training program (which consists of a range of courses that deliver essential business skills and knowledge) to include financial management training
- › introducing of a Rewards and Recognition program to acknowledge individual and team achievements
- › commencing development of a succession management framework

The Department has a commitment to the ongoing development of staff and delivers a wide range of tailored training and development programs. Evaluation of programs supports the level of investment, as feedback is consistently very positive in terms of program relevance, personal development and skills enhancement. Some comments received during the year were:

'The content continues to stretch, challenge, educate and empower me.'

'I have learned so much about effective communication which will stay with me all my life.'

'Again a stack of skills/tools. Concepts which I can use and apply both at work and elsewhere in my life.'

During the year, seven capability development programs were conducted with 127 staff participating in programs ranging from the Foundations of Management program for APS level 1–4 staff through to the Executive Leadership program for Executive Level 2 staff. Thirty-five internal core training programs were conducted with in excess of 600 staff participating in Department-specific programs covering matters such as APS Values, writing, program management, policy development, financial management skills and legal and Indigenous cultural awareness.

OCCUPATIONAL HEALTH AND SAFETY

The Department's Health and Safety Management Arrangements were signed on 14 September 2007. They were revised after the machinery-of-government changes, with the new arrangements being endorsed on 27 June 2008.

A major initiative for the year was to raise the awareness of OH&S issues across the senior management group in the Department. A series of OH&S manager workshops were run for the SES and Executive Level 2 staff. These workshops focused on managers' OH&S roles and responsibilities, and discussed the OH&S issues faced in the Department. There was also an opportunity to discuss the management of mental health issues in the workplace and strategies for early intervention. The workshops received considerable positive feedback from participants.

'Great to see the Department shows its commitment to employee health and safety so unequivocally...'

'Excellent reinforcement of key management practices...'

'The additional focus on psychological issues was very welcome...'

The fifth annual Health Week was held in April 2008, with many employees participating in one or more activities. The theme for the week was 'Enjoy life, get active'. There was an increase in staff participation this year, with a higher percentage of staff electing to receive flu vaccinations and participate in health assessments.

OH&S representatives continued to conduct annual workplace OH&S inspections in conjunction with the relevant SES officer in the designated work group.

There were relatively few work-related injuries reported in 2007–08. The majority of injuries came under the Comcare categories of falls, trips and slips and body stressing. The number of accepted claims was 10, representing a small decrease from the 13 accepted in the previous year. The Department's claim frequency (claims per \$million payroll) is 1.62 claims per 100 employees.

The continuation of effective rehabilitation and compensation claim management has seen a continuing reduction in the Department's compensation premium. The premium over the year was 0.9 per cent, which is lower than the all-agencies rate of 1.55 per cent.

Media and communications

The Corporate Communications team helps the Department to meet its objective and the needs of various stakeholders by providing professional communication services. The team produced more than 200 media releases and 160 speeches during the year and provided event management services for a variety of launches, conferences and seminars.

The section also managed the effective communication of the Media Access discussion paper through the development of an audio file, Braille copy and an HTML version of the discussion paper. This led to greater participation by people with and without a disability, thereby improving the overall quality and quantity of submissions.

Information, technology and facilities

A particular focus for the Information, Technology and Facilities Branch was improving communication capacity within the Department. This was achieved through a variety of information, communication and technology developments such as extending our video conferencing capability, video streaming presentations to the intranet, development of a corporate directory and the redevelopment of the Department's intranet. Additionally, there were changes to the physical working environment with the establishment of several meeting and conference rooms with the flexibility to cater for a variety of accommodation and presentation needs.

SENIOR MANAGEMENT COMMITTEE

Information Management Committee

The Information Management Committee is chaired by the First Assistant Secretary, Corporate and Business. Membership includes the Chief Financial Officer, two First Assistant Secretaries and two Assistant Secretaries.

The committee provides advice and strategic direction to the Executive Management Group on the Department's information and technology needs. During the year, the committee considered a range of issues, including:

- › the future of the Department's electronic records management system
- › progress reports on information and communication technology projects
- › development of a budgeting and reporting tool
- › website development and infrastructure.

INFORMATION TECHNOLOGY

The performance of the Department's information technology environment continued to be reliable and robust during a period of change and development. There were significant challenges for the Information Technology teams in the work associated with separating those staff moving to other departments as a result of the machinery-of-government changes, while maintaining service levels to those staff remaining with the new Department.

During the reporting period there were significant improvements made to the IT environmental foot print of the Department. A review was undertaken to investigate the use of physical servers that provide IT services. The review focused on utilisation of servers, future needs, use of power, and potential financial and environmental savings. The analysis was completed in May 2008 and the findings showed that the number of servers could be reduced by 60 per cent using virtualisation technology. Virtualisation also has a higher availability function, resulting in a more robust and reliable infrastructure. The migration of the physical servers to the virtual environment is due for completion in October 2008.

An additional focus for the IT team was the development of policy and plans for the introduction of secure and portable USB memory devices. Work on this initiative commenced in 2007–08 and will be finalised in the 2008–09 reporting period.

WEB SERVICES

Machinery-of-government changes included caretaker modifications to the DCITA website, the re-launch of the DCITA website as DBCDE and a website for the new Minister. Content relating to Arts, Sport and Innovation and relevant satellite sites were transferred to other departments resulting in a rationalisation of the Department's web environment to nine sites.

Throughout the year the team worked to continually improve the Department's websites aiming to meet government and industry best practice standards. New sites developed included the Regional Telecommunications Review website, Online Communications Council website, and the Cultural Ministers' Council website. Major new features were developed to enhance the StaySmartOnline website and a Department Alumni extranet was created.

During the reporting period the Department undertook a major redevelopment of its intranet to optimise the use of its web technologies to improve information sharing, communication and to better support internal operations. Following a consultative process to determine business requirements, the new intranet was modelled on a user-centric design that incorporates a number of features from other award winning sites. The new departmental site, now called OwlNet, was launched in May 2008. A post implementation review is to be conducted in September 2008 at the completion of the second and third stages of development.

CORPORATE INFORMATION SYSTEMS

A corporate directory was developed to support improving communication within the Department. The aim of the directory is to provide a searchable tool that provides a face to a name, along with staff functions and roles.

The Department's current electronic records management system is under review and a working group is examining and testing a range of information and records management systems. The objective is to come up with an easy to use, reliable, and useful records management system that will support the Department to meet its record management responsibilities and assist staff in their day-to-day operations.

In November 2007 the Department reviewed its Parliamentary Correspondence Management System (PCMS) against a revised set of business requirements. PCMS is a single repository for the processing of a number of document types such as Ministerials, Briefs, Minutes and Campaigns. The system provides security and archiving functions through flexible workflows. As a result of the review, the Department has decided to enhance PCMS to include other departmental information including Question Time Briefs and Parliamentary Questions on Notice. These modules were developed and completed in June 2008. The enhancements will be tested and implemented in the PCMS by November 2008.

An online training and help facility was developed for SAP—the Department's financial management system—to provide users with faster and easier access to assistance and to improve users' knowledge of the functional capabilities of SAP.

FACILITIES

The Department has an ongoing capital works and refurbishment program. A number of capital and minor projects of varying complexity and cost were completed during the year.

As a result of the machinery-of-government changes, resources were allocated to implementing the physical movement of some 375 staff to other agencies. Additionally, around 80 staff were relocated within the Department's existing buildings. Several minor fit-out projects were undertaken to accommodate these changes mostly relating to specialist taskforces and committees. All internal and external signage was changed to reflect the new Department's name.

SECURITY

This year an enhanced electronically controlled access system was introduced to improve security access. Electronically controlled entry and exit gates were installed to improve control of access to specific areas within the building as well as the general entry for visitors and staff. This has enhanced building, visitor and staff safety and these changes are in line with the government's current security status.

The closed circuit television system was upgraded and additional cameras installed to provide security officers with better visibility of building entry points and car parks.

The machinery-of-government changes resulted in security staff collating and dispatching personal security files for the 375 transferred staff, reprogramming electronic access control systems and providing keys and keysafe access to support the Department's new physical security arrangements.

INFORMATION AND RECORDS MANAGEMENT

Towards the end of the reporting period, considerable effort was made to provide a response from the Department to Sir Peter Gershon's Independent Review of the Australian Government's Use and Management of Information and Communications Technology (ICT).

This year a new contract was sought to provide mail, freight and courier services. The market was approached to provide a consortium response to achieve a more efficient and effective process for managing and administering a single contract for multiple services. The contract was executed in August 2007.

The machinery-of-government changes resulted in the identification, separation and transfer of more than 20 000 administration files to the Department of the Environment, Water, Heritage and the Arts. In addition, structural changes were made to the electronic records system to reflect the new department. The Department provided mail services and deliveries for transferred staff and functions until February 2008.

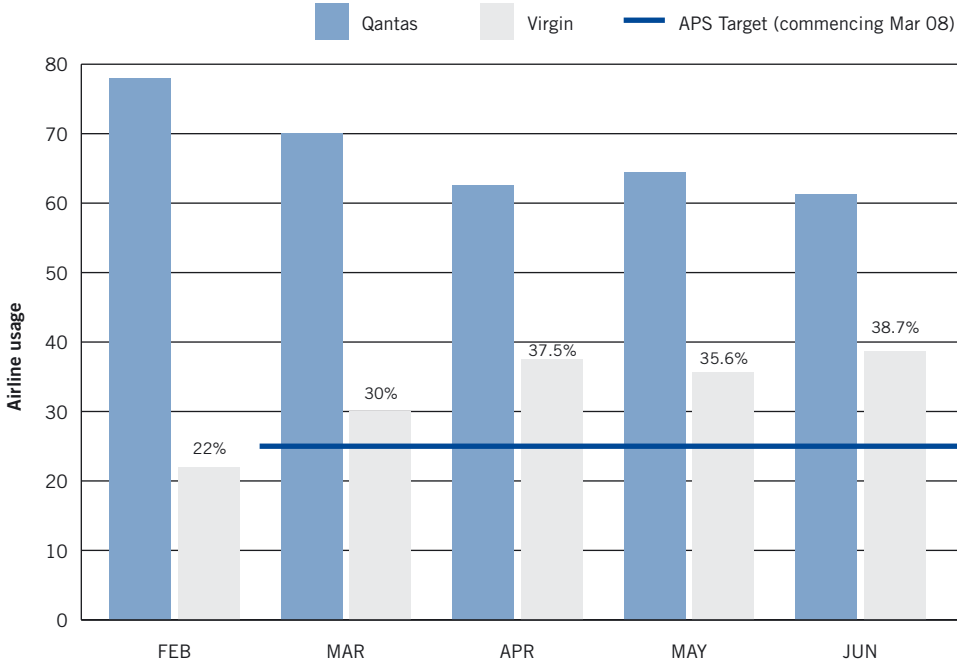
Corporate administrative support

The Department has established a network of Divisional Administration Units to provide corporate administrative support to all areas of the Department.

Key corporate administrative support achievements for the year include:

- › identifying financial resources to be transferred as part of the machinery-of-government change
- › a reliable and coordinated approach to divisional administration across the Department
- › successful completion and implementation of a departmental Print Panel
- › ongoing management of the Department's travel and office requisites contracts
- › successful implementation of the online booking tool resulting in the Department exceeding the smaller airline target of 25 per cent. The Department achieved 37 per cent smaller airline patronage since the 25 per cent target was announced, as illustrated in figure 3.1.

FIGURE 3.1 SMALL AIRLINE USAGE BETWEEN CANBERRA AND SYDNEY IN 2007-08



Legal services

During the year, internal legal and legal policy advice was provided by the Legal Group, supplemented by legal advice provided by external sources under deeds of standing offer administered by the group. These external sources included the Australian Government Solicitor, Blake Dawson, Clayton Utz, Corrs Chambers Westgarth and DLA Phillips Fox.

Legislation and statutory instruments

The Legal Group plays an important role in the preparation of drafting instructions and explanatory documentation for, and the settling of, new and amending primary legislation and subordinate legislation. During the year, the Legal Group provided significant input on six bills and five sets of regulations. The group drafted 10 subordinate statutory instruments and a number of appointment instruments. Appendix 7 provides more details about legislation.

Other legal services

The Legal Group provides legal advice and legal policy advice on a wide range of telecommunications, broadcasting, commercial, workplace relations, administrative law and legislation issues. Some of the significant matters on which the Legal Group provided advice during the year included the:

- › closure of the CDMA network
- › National Broadband Network project
- › development of policy and legislative schemes for digital television and digital radio
- › NetAlert
- › development of funding agreements for Clever Networks
- › Backing Indigenous Ability program
- › Broadband Connect Infrastructure program
- › machinery-of-government changes in December 2007
- › broad range of personnel, procurement and contracting matters.

The Legal Group made significant contributions to financial management reform in the Department, including the review of financial delegations and the Chief Executive's Instructions. The Legal Group also developed and delivered an in-house contract law training package, as well as participating in broader Legal Awareness Training.

The Legal Group coordinated action on behalf of the Department in response to a number of challenges brought to the Administrative Appeals Tribunal, the Federal Court and the High Court. During the year, Telstra commenced a number of legal proceedings against the Commonwealth or the Minister, including bringing an

‘acquisition of property’ constitutional case in the High Court, and Federal Court proceedings seeking to challenge the process leading to the signing of the OPEL contract and making a licence condition preventing CDMA shutdown. All of these cases were resolved in the Commonwealth’s favour (as with the acquisition of property case) or have been discontinued because of a change of circumstances (as with the cancellation of the OPEL contract).

Administration and liaison functions

The Legal Group coordinates the portfolio’s legislation program, including the development of departmental processes for the preparation, approval, introduction and passage of portfolio legislation. The group also manages the processing of the Department’s freedom of information requests and the registration of portfolio legislative instruments on the Federal Register of Legislative Instruments. The group is also the central point of contact for privacy issues.

During the year, the Legal Group also implemented a new Legal Matter Management system.

JUDICIAL DECISIONS AND DECISIONS OF ADMINISTRATIVE TRIBUNALS

In January 2007, Telstra initiated proceedings in the High Court against the Commonwealth, the Australian Competition and Consumer Commission, and 11 access seekers that have accessed Telstra’s unconditioned local loop and/or line sharing services under Part XIC of the *Trade Practices Act 1974* (the Trade Practices Act). The High Court’s decision was handed down on 6 March 2008.

Telstra sought a declaration that Part XIC of the Trade Practices Act is invalid as it applies to those services, on the grounds that the obligation on Telstra to provide access to them under Part XIC results in an ‘acquisition of property’ otherwise than on just terms, in breach of section 51(xxxi) of the Constitution.

The High Court unanimously rejected Telstra’s arguments and held that Part XIC does not effect an acquisition of Telstra’s property.

External scrutiny

Cross-departmental Audits

The Australian National Audit Office issued a number of reports in 2007–08, and several audits scheduled for 2007–08 continued on into 2008–09. Audits involving the financial statements and management of credit cards involved the Department directly. Others were of special or general interest to the Department. Details of Australian National Audit Office audits, and their relationship to the Department, are provided in appendix 6.

A key responsibility of the Audit, Risk and Evaluation Committee is to oversee the implementation of the recommendations contained in these reports.

Commonwealth Ombudsman

During 2007–08, the Commonwealth Ombudsman received 20 approaches about the Department. Seventeen approaches were made by phone, one in writing, one by email and one via the internet.

During the year, the Commonwealth Ombudsman closed 20 approaches covering 20 separate issues relating to the Department. No approaches were investigated and there were no approaches where a finding of administrative deficiency was recorded.

Parliamentary committees

During 2007–08, the Department was involved in six Parliamentary Committee Inquiries compared with 20 in 2006–07.

The Department has not coordinated the Australian Government's response to any Parliamentary Committee Inquiry reports. However, we have provided input to one Australian Government response and have made written submissions, given evidence or provided input to five Parliamentary Committee Inquiries.

Details of the Department's involvement in these Parliamentary Committee Inquiries are provided in appendix 5.

Financial management

Better practice

The Department has continued to focus on business improvements and enhancing its internal financial and budgetary management practices and processes.

As part of wider departmental reforms the Chief Executive's Instructions and Practical Guides, including those involving receiving and spending public money and managing public property were reviewed, streamlined and re-issued to staff. The financial delegations were also reviewed and re-issued with the effect of greater devolution and more timely approvals. Detailed information sessions on the key changes in all areas were provided to all staff during the latter part of the financial year.

System development

Continuing from the planning undertaken in prior years, the Department launched its new Budget and Reporting Tool in the areas of internal budgeting, internal reporting and financial statements. This has resulted in the significant streamlining of internal processes, removal of a number of redundant systems, and has provided staff with the ability to run their own monthly financial management reports and undertake ad-hoc financial queries. The Department is further leveraging off the system by developing web-based executive reports for on-line access in 2008–09. The Department continued to implement improvements to its Financial Management Information System during the year, and is working to integrate grants management systems to improve reconciliations, transparency and efficiency.

Financial management training

During the year the Department delivered a number of new targeted financial management training programs. These programs contain content specific to the Department's practices and procedures and are aimed at improving staff understanding of the wider government financial management framework including the appropriation and budget framework, as well as current internal budgeting and reporting policies and practices. Further modules are being added to the program in the first half of 2008–09. In addition to these training programs, sessions on the budgeting and reporting tool, internal reporting, taxation and operational accounting were held with staff in divisional administration units.

Administrative Arrangements Order

The Administrative Arrangements Order of 3 December 2007, abolished the Department of Communications, Information Technology and the Arts and transferred its functions to the Department of Environment, Water, Heritage and the Arts, the Department of Health and Ageing, the Department of Innovation, Science and Research and the newly established Department of Broadband, Communications and the Digital Economy. This resulted in detailed budget and accounting negotiations with receiving agencies, and considerable resources were dedicated to resource transfers and associated accounting disclosures in the financial statements.

The 2007–08 Finance Minister's Orders require incorporation of the financial statements of abolished Departments with the respective new Department and separate disclosure of Administrative Arrangements Order changes in the 2007–08 financial statements. The statements in this Annual Report reflect this approach and a detailed overview of the financial effect of the transfers is contained in appendix 14. The Department received an unqualified audit report from the Australian National Audit Office (ANAO) for 2007–08, with the ANAO noting that the financial statements preparation process had been challenging but well managed by the Department.

Financial performance

After taking account of the Administrative Arrangements Order changes, the Department's income for 2007–08 was \$116.2 million. Departmental expenses totalled \$128.3 million, resulting in an operating deficit of \$12.1 million, an outcome in line with the approved operating loss. The loss was related to a number of one-off initiatives, including NetAlert, Broadband Now, National Broadband Network, Connect Australia consultancies and the establishment of the Digital Switchover Taskforce. A more detailed analysis of financial performance is contained in appendix 14.

ASSET MANAGEMENT

Departmental

The Department manages non-financial assets in accordance with guidelines set out in the Chief Executive's Instructions, Accounting Policy Manual, Finance Minister's Orders and Australian Accounting Standards. Information and Communications assets are also managed in accordance with the Department's Information and Communications Technology Strategic Plan 2006–09.

The Administrative Arrangements Order of 3 December 2007 resulted in a large portion of the former Department's non-financial assets transferring to the Department of Environment, Water, Heritage and the Arts (\$51.5 million)

predominantly artworks, and to the Department of Health and Ageing \$8000, with the remainder transferring to the newly established Department of Broadband, Communications and the Digital Economy.

As at 30 June 2008, the Department held a total of \$16.9 million in non-financial assets. This comprises of \$10 million of leasehold improvements, \$5.2 million of infrastructure, plant and equipment, \$1.3 million of intangibles and \$400 000 of prepayments.

Administered

The Administrative Arrangements Order of 3 December 2007 resulted in the former Department's non-financial assets of both the National Institute of Dramatic Art building (\$35.9 million) and Old Parliament House building and heritage furniture (\$58.6 million) being transferred to the Department of Environment, Water, Heritage and the Arts (\$94.5 million) in total.

As at 30 June 2008, the Department's administered non-financial assets comprises solely of \$2.5 million of prepayments.

Section 4 Appendices

Appendix 1

Portfolio agency contact details

Australian Broadcasting Corporation
Tel: 02 8333 1500 Fax: 02 8333 5344
www.abc.net.au

Australian Communications and Media Authority
Tel: Canberra 02 6219 5555, Melbourne 03 9963 6800, Sydney 02 9334 7700
Fax: Canberra 02 6219 5200, Melbourne 03 9963 6899, Sydney 02 9334 7799
www.acma.gov.au

Australian Postal Corporation
Tel: 03 9204 7171 Fax: 03 9663 1160
www.auspost.com.au

Special Broadcasting Service Corporation
Tel: 02 9430 2828 Fax: 02 9430 3047 comments@sbs.com.au
www.sbs.com.au

Appendix 2

Resources for Outcome 1 Department of Broadband, Communications and the Digital Economy (DBCDE)

(INCORPORATING RELEVANT PART OF DEPARTMENT OF COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS (DCITA) OUTCOME 3 FOR THE PERIOD 1 JULY 2007 TO 2 DECEMBER 2007)

FIGURE 4.1

	(1) Budget 2007-08 ^(a) \$'000	(2) Actual 2007-08 \$'000	Variation (2 less 1) \$'000	Budget 2008-09 ^(b) \$'000
Administered expenses (including third party outputs)	411 819	201 053	- 210 766	1 272 809
Total administered expenses	411 819	201 053	- 210 766	1 272 809
Price of Departmental outputs				
DBCDE Output 1.1: Policy advice and program management that delivers competitively priced, accessible and high quality broadband and other communications services and that supports the digital economy.	55 239	51 463	- 3 776	103 689
DCITA Output 3.1: Policy advice and program management that delivers competitively priced, accessible and high quality telecommunications, broadcasting and postal services and that supports development and application of a competitive capability in information and communications technology (for the period 1 July 2007 to 2 December 2007), but excluding the ICT Incubators program which transferred out of DCITA (c).	39 456	33 725	- 5 731	
Revenue from Government (Appropriation) for Departmental outputs	94 695	85 188	- 9 507	103 689

DBCDE Output 1.1: Policy advice and program management that delivers competitively priced, accessible and high quality broadband and other communication services and that supports the digital economy.	402	1 099	697	1 720
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DCITA Output 3.1: Policy advice and program management that delivers competitively priced, accessible and high quality telecommunications, broadcasting and postal services and that supports development and application of a competitive capability in information and communications technology (for the period 1 July 2007 to 2 December 2007).		103	103	
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Revenue from other sources	402	1 202	800	1 720
Total price of outputs	95 097	86 390	- 8 707	105 409
TOTAL FOR OUTCOME 3	506 916	287 443	- 219 473	1 378 218
(Total price of outputs and administered expenses)				

	2007–08	2008–09
Average staffing level	561	665

See figure 4.2 below for details on the resourcing of outcomes transferred to other agencies and for a reconciliation of the 2007–08 Portfolio Additional Estimates Statements.

- (a) Budget estimates as at 2007–08 Portfolio Additional Estimates Statement (for DBCDE Outcome 1 only), see Figure 4.3 below for a reconciliation of 2007–08 Portfolio Supplementary Additional Estimates Statement information in relation to DCITA functions transferred to other agencies.
- (b) Budget estimates are as at 2008–09 Portfolio Budget Statements and include payments to Commonwealth Authorities and Companies (CAC) bodies of \$1.1 billion.
- (c) The ICT Incubator program was transferred to the Department of Innovation, Industry, Science and Research following the AAO of 3 December 2007.

Resources for Department of Communications, Information Technology and the Arts (DCITA) Outcomes 1, 2 and 3 transferred to other agencies

(FOR THE PERIOD 1 JULY TO 2 DECEMBER 2007)

The Administrative Arrangements Order of 3 December 2007 abolished the Department of Communications, Information Technology and the Arts (DCITA) and established the Department of Broadband, Communications and the Digital Economy (DBCDE). The functions of DCITA were transferred to other agencies, as follows:

- › Outcome 1 (the Arts function) to the Department of Environment, Water, Heritage and the Arts,
- › Outcome 2 (the Sports function) to the Department of Health and Ageing,
- › Outcome 3 (the Broadcasting and Communications functions) transferred to Outcome 1 DBCDE, with the exception of the ICT incubators program, which was transferred to the Department of Innovation, Industry, Science and Research and the Indigenous Broadcasting programs which transferred to the Department of Environment, Water, Heritage and the Arts.

The Annual Financial Statements incorporate all activities of DCITA and DBCDE.

The resourcing for Outcomes transferred to other agencies are detailed in the table below:

FIGURE 4.2			
Resources for DCITA Outcomes 1, 2 and 3 transferred to other agencies	Outcome 1 Actual	Outcome 2 Actual	Outcome 3 Actual
<i>for the period 1 July to 2 December 2007</i>	2007-08 \$'000	2007-08 \$'000	2007-08 \$'000
Administered expenses (including third party outputs)	84 753	56 977	16 054
Total Administered Expenses	84 753	56 977	16 054

Price of Departmental outputs

Output 1.1: Policy advice, program management and agency support which promotes excellence in, preservation and maintenance of, and access to Australia's cultural activities, national cultural collections and buildings, and Indigenous languages.	23 481		
Output 2.1: Policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector.		2 284	
DCITA Output 3.1: Policy advice and program management that delivers competitively priced, accessible and high quality telecommunications, broadcasting and postal services and that supports development and application of a competitive capability in information and communications technology (ICT Incubator program only).			261
Revenue from Government (Appropriation) for Departmental outputs	23 481	2 284	261
Output 1.1: Policy advice, program management and agency support which promotes excellence in, preservation and maintenance of, and access to Australia's cultural activities, national cultural collections and buildings, and Indigenous languages.	3 238		
Output 2.1: Policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector.		563	
Revenue from other sources	3 238	563	0
Total price of outputs	26 719	2 847	261
TOTAL FOR OUTCOME	111 472	59 824	16 315
(Total price of outputs and administered expenses)			
Average staffing level	310	18	4

2007–08 Portfolio Additional Estimates Statements reconciliation

The 2007–08 Portfolio Additional Estimates Statements (PAES) were prepared on the basis of DBCDE for Administered items, however, as the Departmental transfers of resources had not been finalised at the time, the Departmental Statements included resources yet to be transferred to other agencies. Below is a reconciliation of the resources as published in PAES to enable the reader to reconcile the agency resources published in the PAES to the Resources for Outcome 1, Department of Broadband, Communications and the Digital Economy (DBCDE) shown in Figure 4.1 above.

FIGURE 4.3

	DBCDE					Sub-Total	Total
	DCITA	DCITA	DCITA	DCITA	DBCDE		
	Outcome	Outcome	Outcome	Outcome	Outcome		
	1	2	3	3	1		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered expenses (including third party outputs)	84 466	13 387	16 078		411 819	411 819	525 750
Total Administered Expenses	84 466	13 387	16 078		411 819	411 819	525 750
Price of Departmental outputs							
DCITA Output 1.1 (described below)	44 128						44 128
DCITA Output 2.1 (described below)		3 353					3 353
DBCDE Output 1.1 (described below) and DCITA Output 3.1 (described below)			816	39 456	55 239	94 695	95 511
Revenue from Government (Appropriation) for Departmental outputs	44 128	3 353	816	39 456	55 239	94 695	142 992

DCITA Output 1.1 (described below)	7 109						7 109
DCITA Output 2.1 (described below)		342					342
DBCDE Output 1.1 (described below) and DCITA Output 3.1 (described below)				402	402	402	
Revenue from other sources	7 109	342	0	0	402	402	7 853
Total price of outputs	51 237	3 695	816	39 456	55 641	95 097	150 845
TOTAL FOR OUTCOME (Total price of outputs and administered expenses)	135 703	17 082	16 894	39 456	467 460	506 916	676 595

DESCRIPTION OF OUTPUTS

DCITA Output 1.1: Policy advice, program management and agency support which promotes excellence in, preservation and maintenance of, and access to Australia's cultural activities, national cultural collections and buildings, and Indigenous languages.

DCITA Output 2.1: Policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector.

DCITA Output 3.1: Policy advice and program management that delivers competitively priced, accessible and high quality telecommunications, broadcasting and postal services and that supports development and application of a competitive capability in information and communications technology.

DBCDE Output 1.1: Policy advice and program management that delivers competitively priced, accessible and high quality broadband and other communications services and that supports the digital economy.

Appendix 3

Performance information index

FIGURE 4.4 PERFORMANCE INFORMATION INDEX		
	PAES page reference	Annual Report page reference
Outcome 1		
Development of services and provision of a regulatory environment which encourages a sustainable and effective communications sector for the benefit of all Australians and an internationally competitive information economy.		
Administered items		
Australian Broadband Guarantee	43	26
Coordinated Communications Infrastructure Fund	40	29
Broadband Connect Infrastructure Program	42	32
ICT Centre of Excellence program	44	33
Clever Networks program	40	35
IT Training and Technical Support program	40	41
Backing Indigenous Ability—internet/computers/video-conferencing element	41	43
Backing Indigenous Ability and Telecommunications Access Plan for Remote Indigenous Communities—Community Access Phones element	41	52
NetAlert program ¹	44	48
Satellite Phone Subsidy Scheme	41	54
Telecommunications Consumer Representation Grants	39	58
Telecommunications Consumer Representation—research program	39	60
International Organisations contributions	43	62
Regional Equalisation Plan	44	67
ABC and SBS Digital Interference Scheme	43	69
National Transmission Network Residual Funding Pool	43	73
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1 This program was known as Protecting Australian Families Online

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Appendix 5

Parliamentary Committees

The Department's involvement in the following Parliamentary Committees ranged from preparing or providing input to other Department's responses, to appearing before and/or making written submissions to the Committees.

SENATE STANDING COMMITTEE ON ENVIRONMENT, COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS

Inquiry into the Telecommunications Legislation Amendment (National Broadband Network) Bill 2008

On 20 March 2008, the Senate referred the Telecommunications Legislation Amendment (National Broadband Network) Bill 2008 to the Committee for inquiry and report by 7 May 2008. The Committee presented an interim report on 7 May 2008 and provided its final report on 9 May 2008.

On 18 April 2008, the Department provided the Committee with a submission on the Bill. In response to requests from the Committee, the Department provided a further submission on 1 May 2008 that addressed questions on notice from the Committee and an additional submission on 2 May 2008 that responded to Telstra's submission. The Committee did not hold public hearings.

The Committee recommended that the Government consider amending the Bill to:

- a) limit the use of protected carrier information to the purposes identified in the Bill
- b) require companies submitting tenders to designate a carrier's protected network information as confidential
- c) strengthen the provisions regarding when an unauthorised disclosure of network information could be considered to have taken place.

The Government considered the Committee's recommendations in finalising the Bill. The *Telecommunications Legislation Amendment (National Broadband Network) Act 2008* gained Royal Assent on 26 May 2008.

Telecommunications Legislation Amendment (Communications Fund) Bill 2008

On 13 February 2008, the Government introduced the Telecommunications Legislation Amendment (Communications Fund) Bill 2008 into the House of Representatives so that the \$2 billion capital of the Communications Fund could be used to partly fund the National Broadband Network.

Subsequent to the Bill being passed in the House of Representatives on 19 March 2008, on the same date, the Senate referred the Bill to the Committee for inquiry and report by 30 April 2008. On 18 April 2008, the Department provided the Committee with a submission on the Bill. The Committee did not hold public hearings. The Committee tabled its final report on 13 May 2008, recommending that the Bill be passed.

As part of the 2008–09 Budget, the Government announced on 13 May 2008 the establishment of the Building Australia Fund (BAF) and that the Communications Fund would be closed and its funds transferred into the BAF. The Government also announced that the National Broadband Network would now be funded through the BAF. As a result, the Bill was formally discharged from the Notice Paper on 17 June 2008.

Inquiry into the Communications Legislation Amendment (Information Sharing and Datacasting) Bill 2007

On 21 June 2007, the Senate referred the Communications Legislation Amendment (Information Sharing and Datacasting) Bill 2007 to the Committee for inquiry.

Departmental officers gave evidence at the Committee's hearings on 7 August 2007.

The Committee reported on 9 August 2007, recommending that the Bill be passed.

The Bill was passed on 20 September 2007 and received Royal Assent on 28 September 2007.

JOINT STANDING COMMITTEE ON ELECTORAL MATTERS

Inquiry into Civics and Electoral Education

Tabled: 18 June 2007. No Government response as at 30 June 2008.

Recommendation 10 of the Report proposed that a modified civics education website be created for an Indigenous audience.

The Department has provided input to the proposed Government response to this report.

SENATE STANDING COMMITTEE ON COMMUNITY AFFAIRS

Inquiry into provisions of the Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (Emergency Response Consolidation) Bill 2008

On 19 March 2008, the Senate, on the recommendation of the Selection of Bills Committee, referred the provisions of the Families, Housing, Community Services

and Indigenous Affairs and Other Legislation Amendment (Emergency Response Consolidation) Bill 2008 to the Community Affairs Committee for inquiry.

Departmental officers gave evidence at one of the Committee's hearings on 30 April 2008.

The Committee reported on 15 May 2008, recommending that the Bill be passed.

Debate on the Bill was expected to resume in the 2008 Spring sittings.

SENATE STANDING COMMITTEE ON REGULATIONS AND ORDINANCES

Australian Postal Corporation Amendment Regulations 2008 (No.1)

On 15 May 2008, the Committee wrote to the Minister for Broadband, Communications and the Digital Economy, Senator the Hon Stephen Conroy, suggesting the amendment of the Regulations to reflect any requirement that records required to be kept by state and territory government agencies engaged in the inspection of interstate mail for quarantine purposes should be kept for a certain period. The Minister responded on 6 June 2008 that there is no retention period requirement in either the Amending Regulations or in the Act under which the Regulations were made.

The Committee wrote to Senator Conroy on 19 June 2008 to advise him of its view that it sees value in either the specification of a retention period or in the identification of practices which would govern record retention. The Minister was considering his response as at 30 June 2008.

SENATE SELECT COMMITTEE ON THE NATIONAL BROADBAND NETWORK

On 25 June 2008, the Senate established the Committee to 'inquire into and report on the Government's proposal to partner with the private sector to upgrade parts of the existing network to fibre to provide minimum broadband speeds of 12 megabits per second to 98 per cent of Australians on an open access basis.' The Committee is required to report by 30 March 2009.

There was no activity in relation to this committee's work in the reporting period.

Appendix 6

External scrutiny

The Australian National Audit Office (ANAO) issued a number of reports in 2007–08. Some involved the Department directly and others were of special or general interest to the Department.

2007–08 DIRECT PARTICIPATION

Report No. 44 Interim Phase of the Audit of Financial Statements of General Government Sector Agencies for the Year ending 30 June 2008

Tabled: Wednesday, 25 June 2008

This report presents the results of the interim phase of the 2007–08 financial statement audits of all portfolio departments and other major General Government Sector agencies.

There were no audit issues of a significant rating raised by the ANAO in relation to prior or current years. The ANAO identified one moderate risk relating to banking arrangements and cash management. The Department was unable to provide the ANAO with evidence that it has an agency banking agreement with its transactional banker that fulfilled the requirements of the FMA Act and the Agency Banking Framework. The ANAO found that the Department had overdrawn its bank accounts on 17 different occasions. This potentially represents a breach of the FMA Act, that states agencies must not overdraw bank accounts unless their agency banking agreement specifies overdrafts must be repaid within 30 days.

To address this finding, the Department formalised a new agency banking agreement in July 2008 and has also implemented improved procedures to ensure that its bank accounts and bank balances are reviewed daily and managed in accordance with the Agency Banking Framework.

With the exception of the Department's banking arrangements, key internal controls were operating satisfactorily to provide reasonable assurance that the Department can produce financial statements free of material misstatement.

Report No. 37 Management of Credit Cards

Tabled: Tuesday, 3 June 2008

The objective of this audit was to assess whether agencies had effectively administered credit cards, including having complied with legislative and internal requirements. The ANAO examined credit card policies and procedures, training activities, and monitoring and control arrangements.

The Australian Competition and Consumer Commission, the Department of Agriculture, Fisheries and Forestry, the Department of Broadband, Communications and the Digital Economy and the Department of Human Services were involved in the audit.

The audit found that the policies, procedures, guidance and administrative actions of all agencies provided generally sound controls over the issue, use and cancellation of corporate credit cards. It was found that cardholders, supervisors and credit card administrators generally had a clear understanding of their responsibilities when using credit cards, however there would be benefit in some agencies updating or providing greater training and guidance to supervisors and administrative support staff.

Effectiveness of controls over the use of credit cards varied between generally effective and moderately effective across the audited agencies. Poorly operating controls arose from failure to obtain proper approval for expenditure and retain supporting documentation, and inadequate reconciliation statements. The ANAO considered that all audited agencies should strengthen key controls over credit cards to reduce the risk of misuse.

The audit did not identify inappropriate expenditure or fraud in any of the audited agencies.

The Department's response to the audit advised that a comprehensive review of the Chief Executive's Instructions and practical guides on credit cards had been completed. This review simplified these policies and procedures and better aligned delegations to ensure that they better support business processes and to improve processes for spending public money, including with respect to credit cards. Targeted training on financial processes is also being delivered to staff through a number of modules as part of the Department's on-going financial management training. Assurance reviews of compliance will be undertaken throughout the year.

The Department agreed with and has commenced implementing the report's recommendations.

Report No. 18 Audits of Financial Statements of Australian Government Entities for the Period Ended 30 June 2007

Tabled: Thursday, 20 December 2007

The focus of this report is on the final audit results of the audits of the financial statements of all Australian Government entities for the 2006–07 financial year. Financial management issues (where relevant) arising out of the audits and their relationship to internal control structures are also included in this report.

There were no moderate or significant audit issues noted during the 2006–07 audit.

2007–08 SPECIAL INTEREST

The Department is implementing the relevant recommendations from the following reports:

Report No. 46 Regulation of Commercial Broadcasting

There were five recommendations relating to the Australian Communications and Media Authority and these did not require direct action by the Department but will be monitored as part of the portfolio relationship.

Tabled: Friday, 27 June 2008

Report No. 43 Third Tranche Sale of Telstra Shares

There was one recommendation relating to the Department of Finance and Deregulation in relation to receipting expenditure associated with marketing roadshow costs. It was not directly relevant to the Department.

Tabled: Tuesday, 24 June 2008

Report No. 41 Management of Personnel Security – Follow-up Audit

The two recommendations within the report concern a need to review personnel security risk assessments regularly, and to maintain security awareness through education and training activities. Both recommendations are relevant to the Department and are being implemented.

Tabled: Wednesday, 18 June 2008

Report No. 31 Management of Recruitment in the Australian Public Service

The five recommendations contained in the report are being implemented by the Department as part of employee recruitment strategies.

Tabled: Tuesday, 29 April 2008

Report No. 14 Performance Audit of the Regional Partnerships Program

Of the twenty recommendations, six relevant to this Department have been implemented through updated procedural advice and guidance for program administration.

Tabled: Thursday, 15 November 2007

Appendix 7

Legislation and statutory instruments

Major legislation requiring significant input from the Legal Group during the year is set out below.

Trade Practices Amendment (Access Declarations) Act 2008

This Act amends the *Trade Practices Act 1974* (TPA) to clarify that declarations made by the Australian Competition and Consumer Commission under subsection 152AL(3) of the TPA are not legislative instruments for the purposes of the *Legislative Instruments Act 2003* (LIA).

The Act saves existing declarations from possible invalidity because they were not registered and tabled in accordance with the LIA.

Telecommunications Legislation Amendment (National Broadband Network) Act 2008

This Act amends the *Telecommunications Act 1997* to provide a mechanism for requiring carriers to provide information that could be made available to potential proponents in a National Broadband Network competitive assessment process and for the protection of that information.

Telecommunications Legislation Amendment (Communications Fund) Bill 2008

This Bill would have amended the *Telecommunications (Consumer Protection and Service Standards) Act 1999* to enable access to money in the Communications Fund so that it could be used for purposes relating to the creation or development of a broadband telecommunications network. However, as money in the Communications Fund is to be rolled into the proposed Building Australia Fund, the Bill has been discharged from the Senate Notice Paper.

Communications Legislation Amendment (Miscellaneous Measures) Act 2008

This Act amends the *Broadcasting Services Act 1992* to give the Australian Communications and Media Authority the discretion to consider late applications for renewals of community broadcasting licences up to the expiry date of the licence.

Families, Community Services and Indigenous Affairs and Other Legislation Amendment (Northern Territory National Emergency Response and Other Measures) Act 2007

Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (Emergency Response Consolidation) Bill 2008

The Department provided significant input into measures in this legislation concerning the regulation of X-rated material and the broadcasting of R18+ subscription television programs in prescribed Northern Territory communities.

Carrier Licence Conditions (Telstra Corporation Limited) Declaration 2007 (Amendment No. 1 of 2007)

The Declaration amends the Carrier Licence Conditions (Telstra Corporation Limited) Declaration 1997 to require Telstra to maintain its CDMA network until the Minister is satisfied that Telstra's Next G network provides coverage and retail services that are equivalent to, or better than, the coverage and retail services which are provided on, or in connection with, Telstra's CDMA network.

Broadcasting Services (Extension of Simulcast Period) Regulations 2007

The Regulations prescribe a simulcast period of nine years for commercial television broadcasting licensees in metropolitan licence areas.

Australian Postal Corporation Amendment Regulations 2008 (No. 1)

The Regulations amend the *Australian Postal Corporation Regulations 1996* to prescribe the manner in which information regarding articles collected under the *Australian Postal Corporation Act 1989* for border control purposes is to be stored, collected and used.

Australian Postal Corporation (Performance Standards) Amendment Regulations 2008 (No. 1)

The Regulations amend the *Australian Postal Corporation (Performance Standards) Regulations 1998* (the Regulations) to exempt mail which has been removed from the normal course of carriage under subsection 90UA(1) or (3) of the *Australian Postal Corporation Act 1989* (the Act) from the performance standards provided in paragraph 6(2)(b) of the Regulations. The Regulations also provide that mail, which is removed under subsections 90UA(1) or (3) of the Act and subsequently returned to the normal course of carriage, will have the performance standards provided by paragraph 6(2)(b) apply from the time that the articles re-enter the normal course of carriage.

Television Licence Fees Amendment Regulations 2008 (No. 1)

The Regulations amend the *Television Licence Fees Regulations 1990* to extend licence fee rebates provided under the Regional Equalisation Plan to holders of commercial television broadcasting licences in remote Western Australian licence areas.

Broadcasting Services (Hours of Local Content) Regulations 2007

These Regulations prescribe 'daytime hours' for the purposes of section 43C of the *Broadcasting Services Act 1992*, and 'prime-time hours' for the purposes of Division 5C of Part 5 of the *Broadcasting Services Act 1992*.

Appendix 8

Staffing statistics

FIGURE 4.5 FULL-TIME AND PART-TIME STAFF—30 JUNE 2008

Ongoing employees		Non-Ongoing employees						Total
Full-time		Part-time		Full-time		Part-time		Casual
Male	Female	Male	Female	Male	Female	Male	Female	Male
236	273	8	37	25	40	2	2	2
								1
								626

Note: These figures include staff employed by the Department as at 30 June 2008 and exclude all inoperative staff* including temporary reassignment of duties into the agency. These figures include the departmental Secretary.

* Inoperatives are defined as those staff who are recorded as being on leave without pay as at 30 June 2008 for a total period greater than 13 weeks

FIGURE 4.6 STAFF BY CLASSIFICATION GROUPS AND LOCATION—30 JUNE 2008

State	APS1	APS2	APS3	APS4	APS5	APS6	EL1	EL2	SESB1	SESB2	SESB3	SEC1	Grand Total
ACT	6	17	20	81	68	106	173	95	25	7	3*	1	602
NSW				1		8	7	6	1		1		24
Grand Total	6	17	20	82	68	114	180	101	26	7	4	1	626

Note: These figures indicate ongoing and non-ongoing staff employed by the Department as at 30 June 2008 and excludes all inoperative staff.

Classifications with local designations, for example Legal and Public Affairs, have been subsumed into equivalent APS or EL levels. These figures include the departmental Secretary.

* 1 SESB3 from DCITA was on long service leave for an extended period prior to retirement

FIGURE 4.7 SES STAFF—30 JUNE 2008

	Female	Male	Total
SESB1	10	16	26
SESB2	1	6	7
SESB3	1	3	4*
Total	12	25	37

Note: These figures reflect nominal occupancy and do not include acting arrangements and excludes all inoperative staff.

*1 SESB3 from DCITA was on long service leave for an extended period prior to retirement

FIGURE 4.8 STAFF IN EEO GROUPS—30 JUNE 2008

Male	Female	Total Staff 1	DCLB 1&2	ATSI	PWD	Total Staff 2
273	353	626	58	5	12	398
43.6%	56.4%	100%	9.1%	.8%	1.9%	63.4%

KEY TO TABLES 4.7 AND 4.8:

Total staff 1: Ongoing and non-ongoing staff substantively employed as at 30 June 2008. Percentages of male and female relate to this total.

DCLB1: People from diverse linguistic backgrounds (first generation).

DCLB2: People from diverse linguistic backgrounds (second generation).

ATSI: Aboriginal and/or Torres Strait Islander peoples.

PWD: People reporting a disability.

Total staff 2: Total number of staff who volunteered EEO information, including 'no' answers to questions. Percentages of EEO statistics have been derived from this total. This table excludes all inoperative staff.

FIGURE 4.9 EEO GROUPS WITHIN SALARY RANGES—30 JUNE 2007

Lowest	Highest	DCLB 1&2	ATSI	PWD	Total Staff 2
0	35439	0	0	0	6
35440	38917	0	0	0	0
38918	46496	2	3	2	30
46497	49968	0	0	0	0
49969	56027	6	0	2	44
56028	61027	12	1	3	98
61028	74301	10	0	1	49
74302	98292	23	0	4	125
98293	110000	4	1	0	29
110000+		1	0	0	17
Total		58	5	12	398

Note: Total includes staff who volunteered EEO information including ‘no’ answers and those that may have declined to answer some questions (e.g. may have said ‘yes’ to DCLB1 but chose not to answer on disability).

This table excludes all inoperative staff.

FIGURE 4.10 SALARY RANGE OF EMPLOYEES 2007–08

Classification	Collective Agreement Salary Range (\$)		Individual Arrangements* Salary Range (\$)	
	Lowest	Highest	Lowest	Highest
APS1	35439	35439	N/A	N/A
APS2	39869	39869	N/A	N/A
APS3	45344	50824	N/A	N/A
APS4	50824	54927	N/A	N/A
APS5	56662	61027	56662	62831
APS6	60815	75951	73005	75005
EL1	56662	95430	75951	106182
EL2	87556	102616	87556	126482
SES	N/A	N/A	105737	211000

Note: Part-time salaries have been annualised to full-time for comparison. This table excludes all inoperative staff.

Classifications with local designations, e.g. Legal and Public Affairs, have been subsumed into equivalent APS or EL levels.

*includes Australian Workplace Agreements in place for SES and non SES staff, Common Law Contracts in place for non- SES staff and section 24(1) Determinations in place for SES staff

FIGURE 4.11 NUMBER OF STAFF ON INDIVIDUAL ARRANGEMENTS OR COLLECTIVE AGREEMENT—30 JUNE 2008

	Individual Arrangements*	Collective Agreement	Total
SES	37	0	37
EL2	71	30	101
EL1	74	106	180
APS1-6	4	303	307
Total	186	439	625

Note: Classifications with local designations, e.g. Legal and Public Affairs, have been subsumed into equivalent APS or EL levels. This table excludes all inoperative staff

*includes Australian Workplace Agreements, Common Law Contracts and section 24(1) Determinations

Australian Workplace Agreements in place for SES and non SES staff, Common Law Contracts in place for non- SES staff and section 24(1) Determinations in place for SES staff

FIGURE 4.12 PERFORMANCE PAYMENTS 2007–08

Classification	Number of staff paid	Aggregate amount (\$)	Average amount(\$)	Lowest payment (\$)	Highest Payment (\$)
SES	36	305647.70	8490.20	3246.90	24489.36
EL2	74	459986.91	6216.40	2362.80	12648.20
APS1-EL1	65	375400.21	5775.30	1512.19	13256.80
Total	175	1141034.82			

Note: Classifications with local designations, e.g. Legal and Public Affairs, have been subsumed into equivalent APS or EL levels.

This table includes all staff who received a performance payment for 2007–08 (includes terminated and inoperative staff as at 30 June 2008).

FIGURE 4.13 PERFORMANCE PAYMENTS 2006–07, PAID IN 2007–08

Classification	Number of staff paid	Aggregate amount (\$)	Average amount(\$)	Lowest payment (\$)	Highest Payment (\$)
EL1	1	2836.49	2836.49	2836.49	2836.49

Note: Classifications with local designations, e.g. Legal and Public Affairs, have been subsumed into equivalent APS or EL levels.

Appendix 9

Freedom of information

This statement is provided in accordance with section 8 of the *Freedom of Information Act 1982* (the FOI Act) and is correct as at 30 June 2008.

Section 8 of the FOI Act requires each agency to publish detailed information about the way it is organised, its powers, the kinds of decisions made, arrangements for public involvement in work of the agency, documents held by the agency and how members of the public can access these documents.

Access to records under the FOI Act

Members of the public are entitled to apply for access to documents under the FOI Act. In many cases the FOI Act may not need to be used. If the documents being sought are publicly available they may be accessible through the Department's website at www.dbcde.gov.au, or by telephoning the Manager of Corporate Communications on 02 6271 1362.

Decisions on granting access to documents under the FOI Act are generally made by the Senior Executive Service officer responsible for the work area to which the request relates. Access is usually provided in the form of copies of documents. Alternatively, the Department can provide a reading area for the inspection of documents made available under the FOI Act.

Members of the public seeking access to documents under the FOI Act should make a request in writing to the Department or the relevant portfolio agency and enclose the fee payable under the regulations in respect of the request, currently \$30. These requests should include contact details including a telephone number and an address in Australia to which notifications can be posted. The Department's FOI Officer can help with this process, and can be contacted by telephone on 02 6271 1741 or email at foi@dbcde.gov.au.

FOI requests for the Department should be addressed to:

FOI Officer
Department of Broadband, Communications
and the Digital Economy
GPO Box 2154
CANBERRA ACT 2601

Portfolio agencies, listed at appendix 1, are part of the Broadband, Communications and the Digital Economy portfolio but are not part of the Department's functional and organisational structure. To obtain information or documents from these agencies, please contact them directly. Contact details are provided at appendix 1.

Categories of documents

The Department has extensive documentary holdings, in hard copy and electronic form. Certain categories of documents are common throughout the Department. These include:

- › documents relating to policy development and program administration, including reports, briefings, correspondence, minutes, submissions, statistics and other documents
- › Cabinet submissions and memoranda
- › ministerial briefings
- › records of representations to the portfolio ministers and of other applications for advice and assistance
- › reference material used by staff including guidelines and manuals
- › legal advice and other specialist advice, for example advice on commercial, technical and economic matters.

The subject matter of departmental records includes the following.

Telecommunications

- › Telecommunications and radiocommunications policy, legislation and regulation
- › Connect Australia programs
- › Communications Fund
- › Do Not Call Register
- › Postal policy, legislation and regulation including:
 - Universal Postal Union and Asian-Pacific Postal Union
 - Maintaining international linkages and institutional frameworks through the International Telecommunication Union (ITU), APEC, World Trade Organisation and other relevant multilateral forums
 - Bilateral trade and cooperation including free trade negotiations
- › International communications—bilateral and multilateral arrangements
- › Australian Broadband Guarantee
- › Broadband Connect Infrastructure program
- › Higher Bandwidth Incentive Scheme and Broadband Connect program
- › Metropolitan Broadband Connect program
- › National Broadband Network
- › Australia Post—corporate accountability
- › Networking the Nation General Fund
- › Telstra Social Bonus programs
- › Untimed Local Calls in Extended Zones Agreement

- › Telecommunications Service Inquiry and implementation of Government's response
- › Consumer representation and research grants program
- › Regional Telecommunications Inquiry and Implementation of Government's response
- › Regional Telecommunications Independent Review Committee
- › Regional Telecommunications Inquiry Community Information Campaign
- › Backing Indigenous Ability Telecommunications program

Communications technology

- › Digital economy policy development
- › Digital economy international issues including OECD engagement
- › ICT and climate change
- › Communications convergence issues
- › Information and communications technology strategy
- › ICT innovation policy, including Backing Australia's Ability program and skills
- › NICTA ICT Centre of Excellence
- › IT Training and Technical Support program
- › Regional Telecommunications Infrastructure Fund
- › Mobile Connect program
- › National Communications Fund

Digital economy

- › Broadband Blueprint
- › Clever Networks
- › Next Generation Networks
- › Digital Content Working Group
- › Online and Communications Council
- › Online and Communications Council Standing Committee
- › National Broadband Development Group
- › Measurement Working Group
- › e-connectivity
- › Coordinated Communications Infrastructure Fund
- › Broadband Demand Aggregation Brokers program
- › National Broadband Strategy Implementation Group
- › Broadband Advisory Group
- › IT Skills Hub

- › Digital divide
- › Community connectivity
- › Non-profit sector and ICT issues including: an e-strategy guide for non-profit organisations and the development of a model for a national non-profit ICT coalition
- › Telework and the Australian Telework Advisory Committee
- › Broadband development policy
- › ICT industry skills
- › ICT Skills foresighting working group
- › ICT literacy
- › ICT productivity
- › e-research
- › e-business
- › Information Technology Online program
- › Critical infrastructure protection – cyber security component
- › Online legal and regulatory framework, including spam and Internet domain names, e-security and trust issues including awareness raising, IT security skills,
- › e-security research and development, authentication, phishing and spyware
- › Maintaining international linkages and institutional frameworks through the ITU, APEC, OECD, International Corporation for the Assignment of Domain Names and Numbers and other relevant multilateral forums

Broadcasting and content

- › Broadcasting policy and development of regulation
- › Commercial, national, subscription and community broadcasting services, and subscription and open narrowcasting services
- › Digital television, digital radio, and datacasting
- › The Digital Switchover Plan
- › Online content policy and legislation, including interactive gambling regulation
- › Intellectual Property & Copyright coordination
- › TV Black Spots – Alternative Technical Solutions program
- › Regional Equalisation Plan
- › NetAlert—Protecting Australian Families Online program

Legal

- › Legal advice, instructions to solicitors and counsel concerning matters before courts and tribunals
- › Freedom of information requests
- › Ombudsman complaints
- › Privacy complaints
- › Documents relating to the drafting of legislation and contracts

Corporate and business

- › Human resource management policy and operations
- › Financial and budget management
- › IT and facilities management
- › Procurement services
- › Other corporate support services

Digital Switchover Taskforce

- › Website information—frequently asked questions about digital television

Manuals

In accordance with section 9 of the FOI Act, a list has been compiled of unpublished manuals and other documents used by departmental staff as a guide to procedures and practices to be followed when dealing with the public. The list is correct as at 30 June 2008 and is available on request from the FOI Officer, any office of the National Archives of Australia (NAA), or the NAA website at www.naa.gov.au.

Organisation and functions

Information about the organisation and functions of the Department is contained in the Overview and Management and Accountability sections of this annual report.

Decision-making powers of the Department affecting members of the public

Decision-making powers of the Department and/or the Minister that may affect members of the public are exercised under or in relation to the following Acts or regulations or other instruments made under those Acts:

- › *Appropriation (Supplementary Measures) Act (No.1) 1999*
- › *Australian Broadcasting Corporation Act 1983*
- › *Australian Communications and Media Authority Act 2005*
- › *Australian Postal Corporation Act 1989*

- › *Broadcasting Services Act 1992*
- › *Datacasting Charge (Imposition) Act 1998*
- › *Datacasting Transmitter Licence Fees Act 2006*
- › *Do Not Call Register Act 2006*
- › *Financial Management and Accountability Act 1997*
- › *Interactive Gambling Act 2001*
- › *National Transmission Network Sale Act 1998*
- › *NRS Levy Imposition Act 1998*
- › *Public Service Act 1999*
- › *Radiocommunications Act 1992*
- › *Radiocommunications (Receiver Licence Tax) Act 1983*
- › *Radiocommunications (Spectrum Licence Tax) Act 1997*
- › *Radiocommunications Taxes Collection Act 1983*
- › *Radiocommunications (Transmitter Licence Tax) Act 1983*
- › *Radio Licence Fees Act 1964*
- › *Spam Act 2003*
- › *Special Broadcasting Service Act 1991*
- › *Telecommunications Act 1997*
- › *Telecommunications (Carrier Licence Charges) Act 1997*
- › *Telecommunications (Consumer Protection and Service Standards) Act 1999*
- › *Telecommunications (Numbering Charges) Act 1997*
- › *Telecommunications (Universal Service Levy) Act 1997*
- › *Television Licence Fees Act 1964*
- › *Telstra Corporation Act 1991*
- › *Telstra (Transition to Full Private Ownership) Act 2005*
- › *Trade Practices Act 1974, Parts XIB and XIC*

Arrangements for outside participation and public involvement

The Department is open to the views of outside organisations and provides opportunities for members of the community to contribute to developing aspects of Australia's communications and information technology sectors. Information about issues on which the Department is currently consulting is available on the Department's website at www.dbcde.gov.au.

In June 2008 for example, departmental officers attended 42 separate meetings with different stakeholders aside from attending specialist forums and responding directly to enquiries from the general public.

Appendix 10

Advertising and market research

A total of \$11 520 043.86 consisting of payments of greater than \$10 500 was paid by the Department during the year to:

- › advertising agencies
- › market research organisations
- › polling organisations
- › direct mail organisations
- › media advertising organisations.

Advertising agencies

Organisation name	Purpose	Amount of payment
303 Advertising Pty Ltd	NetAlert—Protecting Australian Families Online: Creative agency for the consumer information campaign	\$ 383 928.97
Universal McCann	Telecommunications Consumer information campaign: purchase of media placement	\$ 241 237.92
Universal McCann	NetAlert—Protecting Australian Families Online: placement of TV advertisements for the consumer information campaign information booklet	\$ 789 185.73
Universal McCann	NetAlert—Protecting Australian Families Online: television media placement	\$ 2 485 383.37
Universal McCann	NetAlert—Protecting Australian Families Online: consumer information campaign	\$ 3 609 935.89
Total Advertising Agencies		\$ 7 509 671.88

Direct mail organisations

Organisation name	Purpose	Amount of payment
Australia Post	NetAlert—Protecting Australian Families Online: All-Householder mailhouse and distribution of an information booklet and other approved material.	\$2 807 795.31
Australia Post	Telecommunications Consumer information campaign - mail out and booklet collections, stock management, recovery of returned direct mail from Australia Post Offices and storage.	\$ 21 352.03
Total Direct Mail Organisations		\$ 2 829 147.34

Market research organisations

Organisation name	Purpose	Amount of payment
Woolcott Research Pty Ltd	Focus group research for clever networks	\$ 72 272.73
Sensis Pty Ltd	Sensis Survey Data to enable comparisons in terms of the change in Broadband use and applications and in user satisfaction.	\$ 74 800.00
Wallis Consulting Group Pty Ltd	NetAlert—Protecting Australian Families Online: market research	\$ 87 938.00
Quantum Market Research	Telecommunications Consumer information campaign - market research – to assist in the development of creative materials and evaluation of the effectiveness of the campaign.	\$ 340 395.24
Total Market Research Organisations		\$ 575 405.97

Media advertising organisations

Organisation name	Purpose	Amount of Payment
HMA Blaze Pty Ltd	Staff recruitment advertising	\$ 10 995.60
HMA Blaze Pty Ltd	Advertising for the request for tender for National E-Security Alert Services for home users and SME's	\$ 11 756.40
HMA Blaze Pty Ltd	Print Media expression of interest for E-Security Awareness week	\$ 13 478.16
HMA Blaze Pty Ltd	Advertising for Satellite Phone Subsidy Scheme	\$ 13 574.00
HMA Blaze Pty Ltd	Staff recruitment advertising	\$ 15 309.52
HMA Blaze Pty Ltd	Advertising for the Distributions Standards Board code of conduct in regards to junk mail.	\$ 15 490.66
HMA Blaze Pty Ltd	Advertising for request for tender—expiry of 15 Year Spectrum License Consultant	\$ 19 968.26
HMA Blaze Pty Ltd	Advertising—national E-Security Awareness Week & Stay Smart Online website (Major Metropolitan Newspapers)	\$ 22 472.34
HMA Blaze Pty Ltd	2009 Graduate Program advertising	\$ 27 464.14
HMA Blaze Pty Ltd	Advertising for Satellite Phone Subsidy Scheme	\$ 42,627.42
HMA Blaze Pty Ltd	Advertising - National E-Security Awareness Week & Stay Smart Online website	\$ 30 033.81
HMA Blaze Pty Ltd	Advertising for Regional Telecommunications Review	\$ 42 253.12
HMA Blaze Pty Ltd	Advertising for Satellite Phone Subsidy Scheme	\$ 340 395.24
Total Media Advertising Organisations		\$ 605 818.67

Appendix 11

Discretionary grants

Discretionary grants are payments where the Minister or paying agency has discretion in determining whether or not a particular applicant receives funding and the conditions that apply in return for the grant.

The discretionary grant programs administered by the Department in 2007–08 included on the Discretionary Grants Central Register are listed below.

- › Backing Indigenous Ability (Telecommunications) program
- › Community Broadcasting Transmission support
- › Community Broadcasting National Training Fund
- › Coordinated Communications Infrastructure Fund
- › Clever Networks program
- › IT Training and Technical Support program
- › National Transmission Network Residual Funding Pool
- › Telecommunications Consumer Representation and Research Grants
- › Television Black Spots - Alternative Technical Solutions program

More information about these programs is available on the Department's website at www.dbcde.gov.au. A list of grant recipients for each program is available on request.

Appendix 12

Ecologically Sustainable Development (ESD) and Environmental Performance

The Department has continued its commitment to ecologically sustainable development and environmental performance with the formal launch of a Departmental Environmental Management System in September 2007. The Department's Environmental Policy is aimed at minimising the effect that daily activities have on the environment by promoting:

- › re-using and recycling waste and materials consumed by its activities
- › complying with relevant legislation, Government initiatives and policies
- › effectively communicating environmental responsibilities, initiatives and programs to all staff
- › encouraging participation in the workplace and promoting awareness of environmental opportunities
- › applying the principles of ecologically sustainable development to capital works projects.

The Department's environmental policy statement and environmental management system under the banner of 'DBCDE Goes Green' set out achievable targets for improvements in how the Department manages its:

- › purchasing practices—reduce paper use by 10 per cent, consider product 'star ratings' prior to purchase
- › waste production—reduce general waste by 10 per cent and reduce recyclable waste placed in landfill by 20 per cent
- › water consumption—reduce water use by five per cent
- › energy efficiency—reduce power bills by five per cent and purchase ten per cent green energy.

Specific initiatives undertaken during the year to assist in reducing our environmental footprint at work included encouraging staff to:

- › switch off the lights in function rooms at the end of meetings
- › turn off computers and other office machines each evening
- › report leaking taps or toilets
- › consider whether emails and other documents need to be printed and print doubled-sided documents as default setting
- › print less often to save toner and use the toner recycling bins for empty toner cartridges
- › buy recyclable packaging and then make sure it is recycled

- › put waste in the appropriate bins—paper, commingled, and toner recycling facilities are available to all staff
- › re-use envelopes and stationery and plastic bottles where possible
- › flatten and store cardboard packaging for future use or recycling
- › use E10 (ethanol blend) fuel usage in the Department’s vehicle fleet
- › participate in the MobileMuster mobile phone recycling scheme.

Monitoring the Environmental Management System (EMS) continued to be a focus during the year. During 2007-08 the Department reduced energy consumption by 2 per cent and reduced paper use by 15 per cent.

E10 bio-fuel accounted for 66 per cent of fuel purchased for vehicles. Energy consumption is reported and monitored through the Department of the Environment, Water, Heritage and the Arts OSCAR online reporting system.

FIGURE 4.14 PAPER USAGE IN 2007-08

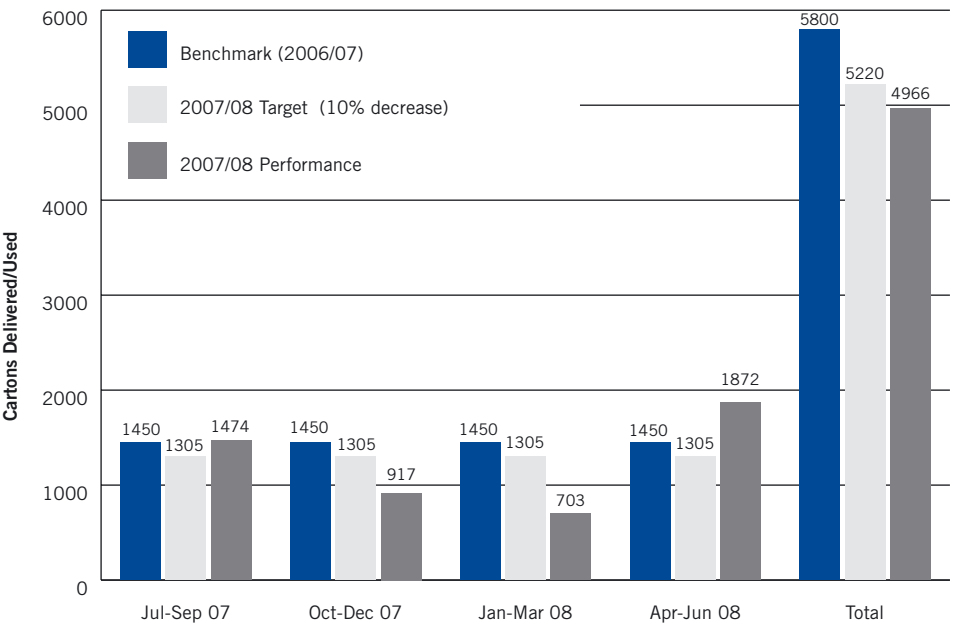
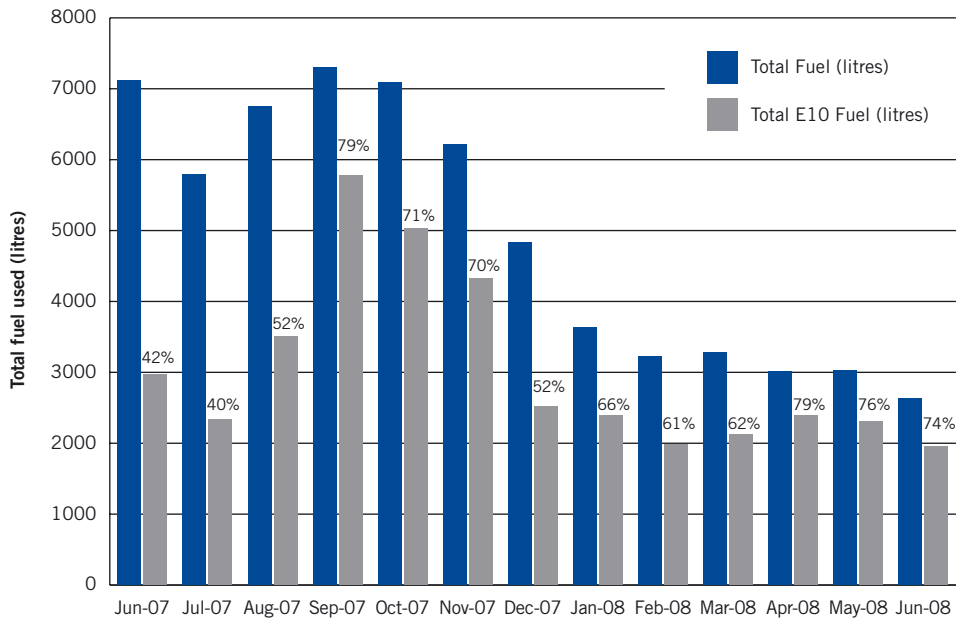


FIGURE 4.15 E10 FUEL USAGE IN 2007-08



Appendix 13

Report on performance in implementing the Commonwealth Disability Strategy

The Australian Government is in the process of developing a National Disability Strategy. The strategy will serve as an overarching policy statement setting the national view, direction and priorities to tackle the complex needs of people with disability and their carers. The Department of Housing, Families, Community Services and Indigenous Affairs is revising the current Commonwealth Disability Strategy in response to an evaluation report, and to align it with the objectives of the National Disability Strategy.

The Commonwealth Disability Strategy is a strategic framework for inclusion and participation by people with disability in Commonwealth Government policies, programs and services. The current Commonwealth Disability Strategy includes a reporting framework built around a number of key roles performed by Commonwealth Government agencies (policy advisor, regulator, purchaser, provider and employer). Departments are no longer required to report on the employer role in their annual reports.

The Department supports equity of access to all its policies, programs and services to ensure that people with disability are empowered to achieve economic and social participation. A number of initiatives introduced in recent years complement the aims of the strategy such as Client Service Charters, Workplace Diversity Programs, the Charter of Public Service in a Culturally Diverse Society and the Government Online Strategy, all containing elements aimed at improving access for people with disability. A commitment to diversity is also reflected in the Australian Public Service values.

In 2007, the Department participated in workshops and provided comprehensive written comments on the proposed new Commonwealth Disability Strategy and framework.

Key initiatives and outcomes against the combined roles of the performance framework for 2007–08 are as follows:

- › In developing new policy proposals all line areas are reminded of the need to consider the impact on people with disabilities.
- › In developing and reviewing policy and legislation the Department consults widely with interested parties; designs consultation processes for those most affected; provides time for people to comment on policies and proposals; and provides information on our decisions and consults in the implementation of decisions.

- The Department called for submissions from stakeholders with regard to a Telecommunications Consumer Stakeholder Forum, including those from people with disabilities. Members of peak disability organisations attended the forum in May 2008.
- The regional telecommunication and the NetAlert information campaigns both included developmental research and communications strategies that have focused on addressing specific stakeholder needs and concerns, including people with disabilities.
- › The Department's Client Service Charter places a high value on ensuring our clients have equal access to relevant information.
- › In 2007–08 the Department's website incorporated a contact for the National Relay Service/TTY in its contact section and all contact centre staff are aware of procedures to follow if callers need assistance.
- › All web development for the Department's sites is done in accordance with and tested against World Wide Web Consortium (W3C) standards for accessibility. Audits are conducted by groups such as Vision Australia and other consultants that we have access to via a panel to assess compliance. The Department, like all government departments, aims for AA compliance.
- › The Department's web site was audited in August 2007 and its intranet was audited in February 2008 prior to its redevelopment.
- › All relevant policy announcements/media releases, submissions to the Department, grant program guidelines, etc, are available in accessible formats on the Department's website. Where appropriate or on request, interpreting services are used to translate information materials into other languages and formats, including Braille and audio.
 - The Department developed audio files (available as a CD and on the Department's website) as well as 10 Braille copies of the Media Access Discussion Paper for people with a vision impairment.
- › Plain English principles are followed in all publications, including explanatory Legal material in Acts, regulations and instruments available on the Department's website.
- › Information campaign advertisements were produced with closed captioning, and all materials promoted the use of the National Relay Service/TTY. The special needs of people with disabilities were considered in information campaign development.
- › The Department responds promptly to any requests and to any concerns raised by members of the public about the accessibility of material.
- › The Department's standard contract terms require compliance with relevant legislation including the *Disability Discrimination Act 1992*. Draft contracts are supplied with all standard requests for tender.
- › The Department's standard funding deeds require compliance with the *Disability Discrimination Act 1992*.

Client Service

- › The Department's Client Service Charter, associated survey and extensive complaints handling systems have been designed to ensure the Department as policy advisor, regulator, provider, and procurer is alert to its commitments regarding people with disabilities.
- › The 2007–08 Client Service Surveys reported client satisfaction levels of 94 per cent rising to 97 per cent for sensitivity to diversity and 80 per cent rising to 82 per cent for the development and review of policy and legislation.
- › No formal service complaints were received by the Client Services Manager for action.
- › Key improvements in performance in the 2007–08 survey were:
 - speed of decision making of funding applications
 - ensuring diversity among participants, inviting relevant participants, and using appropriate contact to arrange participation in the development and review of policy and legislation.
- › Areas identified in 2007–08 as requiring performance improvement included:
 - adequately publicising funding programs and how to apply for funding within programs
 - allocation of sufficient time for consultation in the development and review of policy and legislation.

Appendix 14

Financial performance

This section should be read in conjunction with the Department's audited financial statements for 2007–08, which appear in the financial statements section of this report.

Parliament provides the Department with two types of funding: departmental and administered. Departmental funds are used to produce goods and services (outputs) at a quantity, quality and price endorsed by the Government. The Department administers funds, assets and liabilities on behalf of the Australian Government, which controls how the Department uses them and requires the Department to account for them separately.

Administrative Arrangements Order

The Administrative Arrangements Order of 3 December 2007 abolished the Department of Communications, Information Technology and the Arts (DCITA) and transferred its functions to the Department of the Environment, Water, Heritage and the Arts (DEWHA), the Department of Health and Ageing (DOHA), the Department of Innovation, Industry, Science and Research (DIISR) and the newly established Department of Broadband, Communications and the Digital Economy (the Department).

The 2007–08 Finance Minister's Orders require incorporation of the financial statements of abolished Departments with the respective new department and separate disclosure of Administrative Arrangements Order changes in the 2007–08 Financial Statements. The Annual Financial Statements (at page 163) incorporate the activities of DCITA, for the period 1 July to 2 December 2007, and the Department for the period 3 December 2007 to 30 June 2008. Comparative information relating to the 2006–07 financial year is that of DCITA.

The Income Statement, Schedule of Administered Items and Cash Flow Statements and associated notes incorporate DCITA financial information. Assets and liabilities relating to DCITA were transferred to the above-mentioned agencies (as outlined below). Consequently, the assets and liabilities in the Balance Sheet and associated notes as at 30 June 2008 are solely those of the new Department, with the transfers to other agencies as presented in the tables below.

FIGURE 4.16 SUMMARY OF DEPARTMENTAL BALANCE SHEET TRANSFERS

	transferred from:		transferred to:		
	DCITA	DBCDE	DEWHA	DOHA	DIISR
	(\$,000)	(\$,000)	(\$,000)	(\$,000)	(\$,000)
ASSETS					
Cash (including special accounts)	8 730	910	7 167	652	0
Appropriation receivable	137 602	130 199	6 356	845	202
Non-financial assets	65 625	14 081	51 534	9	0
Other (including prepayments)	2 816	2 086	729	0	0
Total	214 772	147 277	65 786	1 507	203
LIABILITIES					
Employee provisions	20 822	13 447	6 714	458	202
Payables	6 644	4 490	2 096	58	0
Unearned appropriation	52 551	52 551	0	0	0
Other	3 664	1 804	1 860	0	0
Total	83 681	72 292	10 670	516	202
Contributions to/from owners	131 092	74 985	55 116	991	0

FIGURE 4.17 SUMMARY OF ADMINISTERED BALANCE SHEET TRANSFERS

	transferred from:		transferred to:		
	DCITA	DBCDE	DEWHA	DOHA	DIISR
	(\$,000)	(\$,000)	(\$,000)	(\$,000)	(\$,000)
ASSETS					
Investments in portfolio agencies	9 533 590	3 303 676	5 989 729	240 185	0
Communications Fund	2 280 085	2 280 085	0	0	0
Non-financial assets	94 490	0	94 490	0	0
Other (including prepayments)	8 552	7 403	862	287	0
Total	11 916 717	5 591 164	6 085 081	240 472	0
LIABILITIES					
Grant and Subsidy payables	12 007	10 506	1 083	318	(100)
Net GST payable	3 710	3 710	0	0	0
Others	700	168	532	0	0
Total	16 417	14 384	1 615	318	(100)
Contributions to/from owners	11 900 299	5 576 780	6 083 466	240 154	(100)

Departmental finances

The Department continued its strong financial performance and, after taking account of the Administrative Arrangements Order changes, income for 2007–08 was \$116.2 million. Departmental expenses totalled \$128.3 million, resulting in an operating deficit of \$12.1 million, an outcome in line with the operating loss approved by the Government. The loss related to a number of one-off initiatives, including: NetAlert—Protecting Australian Families Online; Broadband Now; National Broadband Network; Connect Australia consultancies; and the establishment of the Digital Switchover Taskforce.

Total income in 2007–08 declined by \$39.5 million due, in the main, to the transfer of appropriations associated with the 3 December 2007 Administrative Arrangements Orders. Expenses also decreased by \$2.1 million, as a result of the Administrative Arrangements Order changes, but this was more than offset by increased activity associated with the one-off initiatives noted above.

The movement in the Department's net assets largely reflects the impact of the Administrative Arrangements Order changes. Overall there has been a \$73.4 million decrease in total assets mainly due to:

- › decreases in financial assets, including appropriation receivable (Administrative Arrangements Order transfers (\$7.3 million), Special Accounts transfers following the Administrative Arrangements Order (\$7.8 million) and funding the 2007–08 approved operating loss and capital purchases (\$16.6 million)
- › decreases in non-financial assets of \$51.5 million associated with the Administrative Arrangements Order (\$46.9 million)
- › decreases in liabilities of \$5.0 million mainly associated with the Administrative Arrangements Order transfers.

Figure 4.18 provides a summary of the Department's income statement and net asset position.

FIGURE 4.18 SUMMARY OF DEPARTMENTAL FINANCIAL PERFORMANCE AND POSITION

	2003 -04	2004 -05	2005 -06	2006 -07	2007 -08	Change last year
	\$m	\$m	\$m	\$m	\$m	
Revenue from government	120.6	114.2	119.8	145.6	111.2	23.6% ▼
Other revenue	9.7	7.6	8.9	8.8	4.4	49.9% ▼
Gains		0.5	0.4	0.4	0.6	46.2% ▲
Total income	130.3	122.3	129.1	154.7	116.2	24.9% ▼
Employee and supplier expenses	86.4	102.1	108.2	125.2	123.4	1.4% ▼
Depreciation	1.6	2.6	3.4	3.8	4.2	9.6% ▲
Other expenses	10.5	9.0	2.9	1.4	0.7	46.5% ▼
Total expenses	98.6	113.8	114.6	130.4	128.3	1.6% ▼
Operating result (Loss)	31.8	8.5	14.5	24.4	-12.1	na ↓
Financial assets	49.0	61.2	73.8	103.4	77.2	25.3% ▼
Non-financial assets	51.3	53.1	56.4	64.2	16.9	73.6% ▼
Liabilities	22.1	28.8	27.5	32.7	26.7	18.4% ▼
Net assets	78.2	85.6	102.6	134.9	67.5	50.0% ▼

Administered finances

Administered income decreased by \$17.6 billion compared to 2006–07, reflecting:

- › a decrease in gains associated with the sale of Telstra shares (\$16.8 billion), and a decrease in dividend revenue following the sale of the Telstra shares (\$0.8 billion)
- › an increase in interest revenue related to the Communications Fund, largely associated with a rise in interest rates (\$31.5 million)
- › a decrease in industry levies resulting from the transfer of the National Relay Service program to the Australian Communications Media Authority from 1 August 2007 (\$3.7 million)
- › an increase in other revenue, largely relating to subsidy refunds associated with the former Broadband Connect program (\$4.3 million).

Administered expenses decreased by \$112.9 million compared to 2006–07, due to:

- › a decrease in subsidy expenditures associated with broadband access programs under the Australian Broadband Guarantee program (\$81.3 million)
- › a decrease in grants for programs related to the Arts, Culture and Heritage and Sport and Recreation functions following the Administrative Arrangements Order changes (\$42.5 million).

Associated with the Administrative Arrangements Order changes, a large portion (\$5.4 billion) in Administered Investments in Commonwealth authorities and companies was transferred to other agencies, with investments in the ABC, SBS, Australia Post and NetAlert Ltd remaining within the Department.

Administered non-financial assets decreased by \$95.0 million following the Administrative Arrangements Order changes. These assets have all been transferred to other agencies (see Table 4.17 above).

FIGURE 4.19 SUMMARY OF ADMINISTERED FINANCIAL PERFORMANCE AND POSITION						
	2003 -04	2004 -05	2005 -06	2006 -07	2007 -08	Change last year
	\$m	\$m	\$m	\$m	\$m	
Interest	0.7	0.5	86.3	131.8	163.3	23.9% ▲
Dividends	1 830.1	2 368.9	2 861.0	1 181.9	306.3	74.1% ▼
Other revenue	508.7	275.7	18.5	6.6	7.1	8.1% ▲
Gains				16 778.8	0.4	100.0% ▼
Total income	2 339.5	2 645.1	2 965.7	18 099.1	477.1	97.4% ▼
Grants	304.7	265.0	358.4	271.9	245.3	9.8% ▼
Subsidies	235.4	286.8	225.9	168.7	86.1	49.0% ▼
Other expenses	84.1	48.4	52.8	31.1	27.5	11.6% ▼
Total expenses	624.2	600.2	637.2	471.7	358.8	23.9% ▼
Financial assets	7 244.5	7 256.1	34 132.7	11 758.6	6 313.6	46.3% ▼
Non-financial assets	87.7	86.5	134.0	144.0	2.5	98.3% ▼
Liabilities	12.6	15.5	64.1	23.0	21.5	6.5% ▼
Net assets	7 319.6	7 327.1	34 202.6	11 879.6	6 294.6	47.0% ▼



Section 5

Financial statements



INDEPENDENT AUDITOR'S REPORT

To the Minister for Broadband, Communications and the Digital Economy

Scope

I have audited the accompanying financial statements of the Department of Broadband, Communications and the Digital Economy for the year ended 30 June 2008, which comprise: a Statement by the Departmental Secretary and Chief Financial Officer; Income Statement; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Administered Items; and Notes to and forming part of the Financial Statements, including a Summary of Significant Accounting Policies. These financial statements incorporate the financial statements of the former Department of Communication, Information Technology and the Arts for the period 1 July to 2 December 2007.

The Responsibility of Secretary for the Financial Statements

The Department's Secretary is responsible for the preparation and fair presentation of the financial statements in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards (which include the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Department's Secretary, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

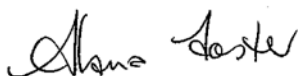
In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial statements of the Department of Broadband, Communications and the Digital Economy:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Department of Broadband, Communications and the Digital Economy's financial position as at 30 June 2008 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Alana Foster
Executive Director

Delegate of the Auditor-General

Canberra
16 September 2008



Australian Government

Department of Broadband,
Communications and the Digital Economy

2007-2008 FINANCIAL STATEMENTS

(INCORPORATING THE FORMER DEPARTMENT OF COMMUNICATIONS, INFORMATION
TECHNOLOGY AND THE ARTS)

**STATEMENT BY THE DEPARTMENTAL SECRETARY
AND CHIEF FINANCIAL OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2008 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.

The *Administrative Arrangements Order* of 3 December 2007 abolished the former Department of Communications, Information Technology and the Arts and established the Department of Broadband, Communications and the Digital Economy. The Minister for Finance and Deregulation issued an exemption from certain definitions contained in the Finance Minister's Orders, to enable the activities of the abolished agency, up to and including 2 December 2007, to be reported together with the activities of the established agency, from 3 December 2007, in these financial statements and require specific additional disclosures.

The Minister for Finance and Deregulation also granted the Department an exemption from the application of Section 37.2 of Schedule 1 to the Finance Minister's Orders. This exemption relates to the requirement that heritage and cultural assets with useful lives in excess of 200 years shall not be depreciated.

Patricia Scott
Secretary

15 September 2008

Simon A Ash FCPA
Chief Financial Officer

15 September 2008

Department of Broadband, Communications and the Digital Economy

(incorporating the Department of Communications, Information Technology and the Arts for the period 1 July to 2 December 2007)

INCOME STATEMENT

for the period ended 30 June 2008

	Notes	2008 \$'000	2007 \$'000
INCOME			
Revenue			
Revenue from Government	3A	111,214	146,552
Sale of goods and rendering of services	3B	327	474
Rental income	3C	1,975	3,561
Royalties	3D	-	16
Other revenue	3E	2,090	4,724
Total Revenue		115,606	155,327
Gains			
Reversals of previous asset write-downs	3F	113	-
Sale of assets	3G	8	7
Other gains	3H	490	411
Total Gains		611	418
Total Income		116,217	155,745
EXPENSES			
Employee benefits	4A	69,628	74,730
Suppliers	4B	53,745	50,442
Grants	4C	519	1,292
Depreciation and amortisation	4D	4,186	3,819
Finance costs	4E	99	82
Write-down and impairment of assets	4F	103	4
Other expenses	4G	22	12
Total Expenses		128,302	130,381
Surplus (Deficit)	5	(12,085)	25,364
Surplus (Deficit) Attributable to the Australian Government		(12,085)	25,364

Department of Broadband, Communications and the Digital Economy

BALANCE SHEET

as at 30 June 2008

	Notes	2008 \$'000	2007 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	6A, 11	3,105	8,632
Trade and other receivables	6B	74,044	94,744
Accrued revenue	6C	67	13
Total financial assets		77,216	103,389
Non-Financial Assets			
Land and buildings	7A, E	10,003	5,562
Infrastructure, plant and equipment	7B, E	5,230	8,606
Heritage and cultural assets	7C, E	-	48,252
Intangibles	7D, F	1,274	1,041
Inventories	7G	-	51
Other non-financial assets	7H	430	675
Total non-financial assets		16,937	64,187
Total Assets		94,153	167,576
LIABILITIES			
Payables			
Suppliers	8A	6,477	7,474
Lease Incentives	8B	179	244
Other Payables	8C	465	2,856
Total payables		7,121	10,574
Provisions			
Employee provisions	9A	15,182	20,506
Other Provisions	9B	4,351	1,585
Total provisions		19,533	22,091
Total Liabilities		26,654	32,665
NET ASSETS		67,499	134,911
EQUITY			
Contributed equity		-	14,555
Reserves		1,458	23,730
Retained surpluses		66,041	96,626
Total Equity		67,499	134,911
Current Assets		27,232	46,186
Non-Current Assets		66,921	121,390
Current Liabilities		20,342	28,274
Non-Current Liabilities		6,312	4,391

The above statement should be read in conjunction with the accompanying notes.

The comparative figures for the 2006-07 financial year contained in these financial statements are those of the Department of Communications, Information Technology and the Arts.

Department of Broadband, Communications and the Digital Economy
(incorporating the Department of Communications, Information Technology and the Arts for the period 1 July to 2 December 2007)
STATEMENT OF CHANGES IN EQUITY
as at 30 June 2008

	Retained Earnings		Asset Revaluation Reserves		Other Reserves		Contributed Equity		Total Equity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Opening balance as at 1 July										
Balance carried forward from previous period	96,626	71,262	23,730	18,914	-	-	14,555	12,453	134,911	102,629
Adjustment for errors	-	-	-	-	-	-	-	-	-	-
Adjustment for changes in accounting policies	-	-	-	-	-	-	-	-	-	-
Adjusted opening balance	96,626	71,262	23,730	18,914	-	-	14,555	12,453	134,911	102,629
Income and expenses										
Revaluation adjustment	-	-	3,041	4,816	-	-	-	-	3,041	4,816
Remeasurement of provisions	-	-	(2,086)	-	-	-	-	-	(2,086)	-
Sub-total income and expenses recognised directly in equity	-	-	955	4,816	-	-	-	-	955	4,816
Surplus (Deficit) for the period	(12,085)	25,364	-	-	-	-	-	-	(12,085)	25,364
Total income and expenses recognised directly in equity	(12,085)	25,364	955	4,816	-	-	-	-	(11,130)	30,180
Transactions with Owners										
<i>Distributions to Owners</i>										
Returns of capital:										
Restructuring	(18,076)	-	(23,227)	-	-	-	(14,804)	-	(56,107)	-
Reductions of appropriations (Appropriation Act section 9)	(424)	-	-	-	-	-	-	-	(424)	-
<i>Contributions by Owners</i>										
Appropriation (equity injection)	-	-	-	-	-	-	249	2,102	249	2,102
Restructuring	-	-	-	-	-	-	-	-	-	-
Sub-total transactions with owners	(18,500)	-	(23,227)	-	-	-	(14,555)	2,102	(56,282)	2,102
Transfers between equity components										
Transfers	-	-	-	-	-	-	-	-	-	-
Closing balance as at 30 June	66,041	96,626	1,458	23,730	-	-	-	14,555	67,499	134,911
Closing balance attributable to the Australian Government	66,041	96,626	1,458	23,730	-	-	-	14,555	67,499	134,911

The above statement should be read in conjunction with the accompanying notes.

The comparative figures for the 2006-07 financial year contained in these financial statements are those of the Department of Communications, Information Technology and the Arts.

Department of Broadband, Communications and the Digital Economy

CASH FLOW STATEMENT

for the period ended 30 June 2008

	Notes	2008 \$'000	2007 \$'000
OPERATING ACTIVITIES			
Cash Received			
Goods and services		2,406	4,183
Appropriations		127,550	123,127
Grants		419	515
Net GST received		6,288	4,376
Other cash received		4,052	3,906
Total cash received		140,715	136,107
Cash Used			
Employees		71,984	74,894
Suppliers		55,733	51,679
Grants		572	1,422
Net cash transferred to the Official Public Account		5,813	4,937
Other cash used		26	416
Total cash used		134,128	133,348
Net cash flows from or (used by) operating activities	11	6,587	2,759
INVESTING ACTIVITIES			
Cash Received			
Proceeds from sales of property, plant and equipment		15	18
Total cash received		15	18
Cash Used			
Purchase of property, plant and equipment		5,102	4,787
Total cash used		5,102	4,787
Net cash flows from or (used by) investing activities		(5,087)	(4,769)
FINANCING ACTIVITIES			
Cash Received			
Appropriations - contributed equity		785	1,260
Other cash received		8	4
Total cash received		793	1,264
Cash Used			
Transfer of Special Accounts		7,820	-
Total cash used		7,820	-
Net cash flows from or (used by) financing activities		(7,027)	1,264
Net increase (decrease) in cash held		(5,527)	(746)
Cash and cash equivalents at the beginning of the reporting period		8,632	9,378
Cash and cash equivalents at the end of the reporting period	6A	3,105	8,632

The above statement should be read in conjunction with the accompanying notes.

The comparative figures for the 2006-07 financial year contained in these financial statements are those of the Department of Communications, Information Technology and the Arts.

Department of Broadband, Communications and the Digital Economy
SCHEDULE OF COMMITMENTS
as at 30 June 2008

	2008 \$'000	2007 \$'000
BY TYPE		
Commitment Receivable		
Operating lease income ¹	(2,222)	(2,042)
GST recoverable on commitments	<u>(3,034)</u>	<u>(3,905)</u>
Total commitments receivable	<u>(5,256)</u>	<u>(5,947)</u>
Commitments Payable		
Capital Commitments		
Land and buildings	-	1,664
Infrastructure, plant and equipment ²	<u>704</u>	<u>479</u>
Total capital commitments	<u>704</u>	<u>2,143</u>
Other Commitments		
Operating lease commitments ³	26,757	32,477
Project commitments	-	339
Grant commitments	-	346
Service contract commitments ⁴	7,934	8,749
Other commitments	<u>196</u>	<u>946</u>
Total other commitments	<u>34,887</u>	<u>42,857</u>
Net commitments by type	<u>30,335</u>	<u>39,053</u>
BY MATURITY		
Commitments receivable		
Operating lease income		
One year or less	(1,067)	(619)
From one to five years	(1,155)	(1,423)
Over five years	-	-
Total operating lease income	<u>(2,222)</u>	<u>(2,042)</u>
GST receivable on commitments		
One year or less	(1,326)	(1,454)
From one to five years	(1,708)	(2,451)
Over five years	-	-
Total GST receivable on commitments	<u>(3,034)</u>	<u>(3,905)</u>
Commitments payable		
Capital Commitments		
One year or less	495	2,143
From one to five years	209	-
Over five years	-	-
Total capital commitments	<u>704</u>	<u>2,143</u>
Operating Lease Commitments		
One year or less	7,803	7,912
From one to five years	18,954	24,565
Over five years	-	-
Total operating lease commitments	<u>26,757</u>	<u>32,477</u>
Other Commitments		
One year or less	7,344	6,809
From one to five years	<u>786</u>	<u>3,571</u>
Over five years	-	-
Total other commitments	<u>8,130</u>	<u>10,380</u>
Net commitments by maturity	<u>30,335</u>	<u>39,053</u>

NB: Commitments are GST inclusive where relevant.

The above schedule should be read in conjunction with the accompanying notes.

Department of Broadband, Communications and the Digital Economy

SCHEDULE OF COMMITMENTS

as at 30 June 2008

- ¹ Operating lease income relates to the sublease of 28 National Circuit, Forrest (Burns Centre).
² Infrastructure, plant and equipment commitments relate to building improvements for leased premises.
³ Operating leases relate to premises leased by the Department. The main operating leases include the following:

Nature of lease	General description of leasing arrangement
Leases for office accommodation	<p><u>Main office accommodation</u></p> <p>Lease payments at 38 Sydney Avenue, Canberra are subject to bi-annual reviews adjusted to reflect current market rates. The initial term for the office accommodation expired on 21 November 2007. The Department has accepted a 5 year option, which will expire on 21 November 2012.</p> <p><u>Secondary office accommodation</u></p> <p>Lease payments at 44 Sydney Avenue, Canberra are subject to a 4% fixed annual adjustment. The initial term for the office accommodation expires on 31 July 2010. A further term of 3 years is available at the Department's discretion.</p> <p>Lease payments at 28 National Circuit (Burns Centre), Canberra are subject to an annual adjustment based on the Consumer Price Index. The initial term for the accommodation expires on 31 July 2010. There are no options in the lease for extension beyond this date.</p> <p>Lease payments at 31 Market Street, Sydney are subject to a 4% fixed annual adjustment. The Department signed the lease on the 26 March 2007 and the initial term expires on 25 March 2010. A further term of 3 years is available at the Department's discretion.</p> <p>The Department extended the lease of storage space at 122-124 Gladstone Street, Canberra, in 2007, with the new expiry date of 30 April 2011.</p> <p><u>Comparative information</u></p> <p>In 2006-07 the Department had commitments in relation to Artbank for lease payments at Rosebery, Sydney and 845 High Street, Armadale, Victoria. These leases were due to expire on 30 June 2008 and 14 September 2007 respectively. There were also commitments for Artbank in relation to the lease of a Fuji Xerox photocopier/printer which expired in April 2008.</p>
Agreements for the provision of motor vehicles to senior executive officers	No contingent rentals exist. There are no renewal or purchase options available to the Department.

- ⁴ Service contract commitments primarily relate to security, cleaning, payroll, consultancies and contractors.

Department of Broadband, Communications and the Digital Economy
SCHEDULE OF ADMINISTERED ITEMS

Income Administered on Behalf of Government <i>for the period ended 30 June 2008</i>		2008	2007
	Notes	\$'000	\$'000
Revenue			
Interest	16A	163,298	131,837
Dividends	16B	306,300	1,181,869
Industry levies	16C	-	3,710
Other revenue	16D	7,112	2,847
Total revenues administered on behalf of Government		476,710	1,320,263
Gains			
Sale of assets	16E	-	10,135,284
Other gains	16F	387	6,643,512
Total gains administered on behalf of Government		387	16,778,796
Total income administered on behalf of Government		477,097	18,099,059
Expenses Administered on Behalf of Government <i>for the period ended 30 June 2008</i>			
Grants	17A	245,288	271,945
Subsidies	17B	86,088	168,746
Suppliers	17C	14,828	5,204
Depreciation and amortisation	17D	1,670	3,569
Write-down and impairment of assets	17E	6,075	348
Other expenses	17F	4,888	21,932
Total expenses administered on behalf of Government		358,837	471,744

This schedule should be read in conjunction with the accompanying notes.

Department of Broadband, Communications and the Digital Economy
SCHEDULE OF ADMINISTERED ITEMS (continued)

Assets Administered on Behalf of Government		2008	2007
<i>as at 30 June 2008</i>		<i>Notes</i>	
		\$'000	\$'000
Financial assets			
Cash and cash equivalents	18A	24	74
Receivables	18B	5,138	7,071
Other investments	18C	6,308,500	11,751,475
Total financial assets		6,313,662	11,758,620
Non-financial assets			
Land and building	18D,F	-	36,630
Heritage and cultural assets	18E,F	-	58,290
Prepayments	18G	2,487	49,041
Total non-financial assets		2,487	143,961
Total assets administered on behalf of Government		6,316,149	11,902,581
Liabilities Administered on Behalf of Government			
<i>as at 30 June 2008</i>			
Payables			
Suppliers	19A	1,084	1,810
Grants	19B	1,505	2,902
Subsidies	19B	15,049	13,420
GST payable	19C	3,879	4,811
Other payables	19D	-	22
Total liabilities administered on behalf of Government		21,517	22,965

This schedule should be read in conjunction with the accompanying notes.

Department of Broadband, Communications and the Digital Economy
SCHEDULE OF ADMINISTERED ITEMS (continued)

Administered Cash Flows for the period ended 30 June 2008	Notes	2008 \$'000	2007 \$'000
OPERATING ACTIVITIES			
Cash Received			
Interest		140,594	131,775
Dividends		306,300	1,181,869
GST refunds from ATO		28,151	43,944
Other		1,810	2,396
Total cash received		476,855	1,359,984
Cash Used			
Grants payments		212,992	296,425
Subsidies paid		92,945	222,250
Suppliers		18,202	5,980
Other		4,068	20,595
Total cash used		328,207	545,250
Net cash flows from / (used in) operating activities		148,648	814,734
INVESTING ACTIVITIES			
Cash Used			
Purchase of property, plant and equipment		1,230	4,235
Purchase of investments		140,434	131,392
Total cash used		141,664	135,627
Net cash flows from / (used in) investing activities		(141,664)	(135,627)
Net increase / (decrease) in cash held		6,984	679,107
Cash and cash equivalents at the beginning of the reporting period		74	66
Cash from Official Public Account for:			
- Appropriations		309,612	510,622
- Special accounts		159	9,566
- Section 30A drawdowns		24,425	39,135
		334,196	559,323
Cash to Official Public Account for:			
- Appropriations		(4,936)	(485)
- Special accounts		(159)	(9,563)
- Dividends		(306,300)	(1,181,870)
- Section 30A repayments		(28,151)	(44,206)
- Other		(1,684)	(2,298)
		(341,230)	(1,238,422)
Cash and cash equivalents at the end of the reporting period	18A	24	74

This schedule should be read in conjunction with the accompanying notes.

Department of Broadband, Communications and the Digital Economy

SCHEDULE OF ADMINISTERED ITEMS (continued)

Administered Commitments	2008	2007
<i>as at 30 June 2008</i>	\$'000	\$'000
BY TYPE		
Commitments Receivable		
GST receivable on commitments	(14,975)	(23,280)
Total commitments receivable	(14,975)	(23,280)
Commitments Payable		
Capital Commitments		
Heritage and cultural assets ¹	-	861
Total capital commitments	-	861
Other Commitments		
Grant commitments ²	150,452	254,754
Other commitments ³	14,277	-
Total other commitments	164,729	254,754
Net Commitments by Type	149,754	232,335
BY MATURITY		
Commitments Receivable		
GST receivable on commitments		
One year or less	(14,975)	(23,280)
From one to five years	-	-
Over five years	-	-
Total GST receivable on commitments	(14,975)	(23,280)
Commitments Payable		
Capital Commitments		
One year or less	-	861
From one to five years	-	-
Over five years	-	-
Total capital commitments	-	861
Other Commitments		
One year or less	87,270	80,646
From one to five years	77,459	174,108
Over five years	-	-
Total other commitments	164,729	254,754
Net Commitments by Maturity	149,754	232,335

¹ All Heritage and cultural assets were transferred to the Department of the Environment, Water, Heritage and the Arts (DEWHA) following the Administrative Arrangements Order of 3 December 2007.

² Grant commitments mainly relate to Clever Networks (\$61.8m) and Major Information Communication Technology (ICT) - Centre of Excellence (\$86.6m).

³ Other commitments mainly relate to Protecting Australian Families Online - National Filter Scheme (\$11.8m) and E-Security National Agenda Programs (\$1.4m).

This schedule should be read in conjunction with the accompanying notes

Department of Broadband, Communications and the Digital Economy
SCHEDULE OF ADMINISTERED ITEMS (continued)

Administered Contingencies

as at 30 June 2008

	Guarantees ¹		Indemnities ²		Total	
	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered Contingent Assets						
Balance from previous period	-	-	-	-	-	-
New	-	-	-	-	-	-
Re-measurement	-	-	-	-	-	-
Assets crystallised	-	-	-	-	-	-
Expired	-	-	-	-	-	-
Total Administered Contingent Assets	-	-	-	-	-	-
Administered Contingent Liabilities						
Balance from previous period	87	-	109,132	1,129,802	109,219	1,129,802
New	-	87	-	-	-	87
Re-measurement	-	-	-	-	-	-
Liabilities crystallised	-	-	-	-	-	-
Obligations expired	-	-	-	(1,020,670)	-	(1,020,670)
Other adjustments ³	(87)	-	(109,132)	-	(109,219)	-
Total Administered Contingent Liabilities	-	87	-	109,132	-	109,219
Net Contingent Assets (Liabilities)					-	(109,219)

¹ Guarantees against loss

² Commonwealth indemnity of art exhibitions

³ Guarantees and indemnities balances were transferred to the Department of the Environment, Water, Heritage and the Arts (DEWHA) following the Administrative Arrangements Order of 3 December 2007.

Statement of Activities Administered on Behalf of Government

For period 1 July to 2 December 2007 - The major administered activities of the Department of Communications, Information Technology and the Arts were directed towards achieving the three outcomes described in Note 1 to the Financial Statements. The major activities undertaken were towards the development of a rich and stimulating cultural sector for all Australians, the development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians, and development of services and provision of a regulatory environment which encourages a sustainable and effective communications sector for the benefit of all Australians, and an internationally competitive information economy and information and communication technology industry.

For period 3 December 2007 to 30 June 2008 - The major administered activities of the Department of Broadband, Communications and the Digital Economy are directed towards achieving one outcome. The major activities undertaken are towards the development of services and provision of a regulatory environment which encourages a sustainable and effective communications sector for the benefit of all Australians, and internationally competitive information economy and information and communication technology industry.

Details of planned activities for the year can be found in the Agency Portfolio Budget and Portfolio Additional Estimates Statements for 2007–08, which have been tabled in Parliament.

The schedule should be read in conjunction with the accompanying notes.

Department of Broadband, Communications and the Digital Economy
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 as at 30 June 2008

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Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Department of Broadband, Communications and the Digital Economy

The Department of Broadband, Communications and the Digital Economy (the Department) is an Australian Public Service organisation. The objective of the Department is to develop a vibrant, sustainable and internationally competitive broadband and communications sector that promotes the digital economy for the benefit of all Australians.

The Department is structured to meet one outcome:

Outcome 1: Development of a vibrant, sustainable and internationally competitive broadband and communications sector which promotes the digital economy for the benefit of all Australians.

This Outcome was achieved through:

- policy advice and program management that delivers competitively priced, accessible and high quality broadband and other communication services that supports the digital economy.

Department activities contributing toward these outcomes are classified as either Departmental or Administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Department in its own right. Administered activities involve the management or oversight by the Department, on behalf of the Government, of items controlled or incurred by the Government.

Departmental activities are identified under one Output.

The continued existence of the Department in its present form and with its present programs is dependent on Government policy and on continuing appropriations by Parliament for the Department's administration and programs.

1.2 Objectives of the Department of Communications, Information Technology and the Arts

The Department of Communications, Information Technology and the Arts (DCITA) was abolished by the Governor-General in Council on 3 December 2007. The functions of DCITA were transferred to the following agencies:

- Department of Broadband, Communications and the Digital Economy;
- Department of the Environment, Water, Heritage and the Arts;
- Department of Health and Ageing; and
- Department of Innovation, Industry, Science and Research.

These Financial Statements incorporate the abolished Department for the period 1 July to 2 December 2007.

The objective of DCITA was to support the communications, information technology, cultural and sports sectors by providing strategic policy advice to Government and delivering a range of Australian Government grants and incentive programs.

DCITA incorporated Artbank and was structured to meet three Outcomes:

Outcome 1: Development of a rich and stimulating cultural sector for all Australians.

This Outcome was achieved through:

- policy advice, program management and agency support which promotes excellence in, preservation and maintenance of, and access to Australia's cultural activities, national cultural collections and buildings, and Indigenous languages.

Outcome 2: Development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians.

This Outcome was achieved through:

- policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Outcome 3: Development of services and provision of a regulatory environment which encourages a sustainable and effective communications sector for the benefit of all Australians and an internationally competitive information economy and Information and Communication Technology industry.

This Outcome was achieved through:

- policy advice and program management that delivers competitively priced, accessible and high quality telecommunications, broadcasting and postal services and that supports development and application of a competitive capability in Information and Communication Technology.

DCITA's activities contributing toward these outcomes were classified as either Departmental or Administered. Departmental activities involved the use of assets, liabilities, revenues and expenses controlled or incurred by the Department in its own right. Administered activities involved the management or oversight by the Department, on behalf of the Government, of items controlled or incurred by the Government.

Departmental activities were identified under three Outputs, one Output for each Outcome.

1.3 Basis of Preparation of the Financial Report

The comparative figures for the 2006-07 financial year contained in these Financial Statements are those of the Department of Communications, Information Technology and the Arts.

The Financial Statements and notes are required by section 49 of the *Financial Management and Accountability Act 1997* and are a General Purpose Financial Report.

The Financial Statements and notes have been prepared in accordance with:

- The Finance Minister's Orders (or FMOs) for reporting periods ending on or after 1 July 2007 and the associated exemptions granted by the Minister for Finance and Deregulation under section 16.1 of Schedule 1 to the FMOs; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The Minister for Finance and Deregulation has issued the Department with two exemptions from the Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2007 in the preparation of the Financial Statements. The first exemption is from certain definitions contained in the FMOs, the exemption also provides for new definitions and additional disclosure requirements. This has been done on the basis that the Department of Communications, Information Technology and the Arts and the Department of Broadband, Communications and the Digital Economy are reported in one General Purpose Financial Report.

The second exemption from the FMOs allows the department to depreciate heritage and cultural assets with a useful life exceeding 200 years. This has been done on the basis that the FMOs contradict the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board.

The Minister for Finance and Deregulation has specifically exempted the Department from complying with the following requirements of the FMOs in Schedule 1:

- the definition of agency and entity in Division 4 to the extent that the abolished agency and the new agency are reported as one;
- the definition of a responsible entity in Division 100 to the extent that the abolished agency and the new agency are reported as one; and
- Section 37.2 to the extent that financial statements contain depreciation expense for assets with useful lives exceeding 200 years.

The Financial Statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The Financial Statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an Accounting Standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to the Department or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets that are unrealised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable contingencies, which are reported at Note 12).

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Unless alternative treatment is specifically required by an Accounting Standard, revenues and expenses are recognised in the Income Statement when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

Administered revenues, expenses, assets and liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis and using the same policies as for Departmental items, except where otherwise stated at Note 1.22.

1.4 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the Department has made some judgements that do not have a significant impact on the amounts recorded in the Financial Statements. These estimates are in relation to non-financial assets, employee provisions and the restoration obligation for leased properties.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

1.5 Statement of Compliance

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. The following new standards are applicable to the current reporting period:

Financial Instrument Disclosure

AASB 7 *Financial Instruments: Disclosures* is effective for reporting periods beginning on or after 1 January 2007 (the 2007-08 financial year) and amends the disclosure requirements for financial instruments. In general, AASB 7 requires greater disclosure than that previously required. Associated with the introduction of AASB 7 a number of accounting standards were amended to reference the new standard or remove the present disclosure requirements through 2005-10 *Amendments to Australian Accounting Standards* [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]. These changes have no financial impact but will affect the disclosure presented in future Financial Statements.

The following new standards, amendments to standards, or interpretations for the current financial year have no material financial impact on the Department:

2007-4 Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments and Erratum: Proportionate Consolidation;

2007-7 Amendments to Australian Accounting Standards; and

UIG Interpretation 11 AASB 2 – Group and Treasury Share Transactions and 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 11.

Future Australian Accounting Standard requirements

The following new standards, amendments to standards or interpretations have been issued by the Australian Accounting Standards Board but are effective for future reporting periods. It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

AASB Interpretation 12 Service Concession Arrangements and 2007-2 Amendments to Australian Accounting Standards arising from AASB Interpretation 12;

AASB 8 Operating Segments and 2007-3 Amendments to Australian Accounting Standards arising from AASB 8;

2007-6 Amendments to Australian Accounting Standards arising from AASB 123;

AASB Interpretation 13 Customer Loyalty Programmes; and

AASB Interpretation 14 AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Other

The following standards and interpretations have been issued but are not applicable to the operations of the Department.

AASB 1049 Whole of Government and General Government Sector Financial Reporting

AASB 1049 *Whole of Government and General Government Sector Financial Reporting* addresses the Generally Accepted Accounting Principles (GAAP) and Government Finance Statistics (GFS) harmonisation requirements for financial reporting by the General Government Sector, and applies to financial reporting at the whole-of-government level.

1.6 Revenue

Revenue from Government

Amounts appropriated for Departmental output appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue when the Department gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

Resources Received Free of Charge

Resources received free of charge are recognised as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government Agency or Authority as a consequence of a restructuring of administrative arrangements (Refer to Note 1.8).

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Other Types of Revenue

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the seller retains no managerial involvement nor effective control over the goods;
- the revenue and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Department.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- the probable economic benefits with the transaction will flow to the Department.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment. Collectability of debts is reviewed at balance date. Impairment is recognised when there is objective evidence that collectability of the debt is no longer probable.

Dividends are recognised when the right to receive payment is established.

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

1.7 Gains

Other Resources Received Free of Charge

Resources received free of charge are recognised as gains when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government Agency or Authority as a consequence of a restructuring of administrative arrangements (Refer to Note 1.8).

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Sale of Assets

Gains from disposal of non-current assets are recognised when control of the asset has passed to the buyer.

1.8 Transactions with the Government as Owner

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) are recognised directly in contributed equity in that year.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Australian Government Agency or Authority under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

As a result of the sale arrangements regarding the investment in Telstra in 2006-07, shares were transferred to the Future Fund. In addition, shares associated with the sale arrangement were transferred to the former Department of Finance and Administration. For these transactions the net book value was adjusted against contributed equity. The shares sold to the public were recognised in the Schedule of Administered Income.

1.9 Employee Benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of balance date are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Department is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration, including the Department's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

In 2006-07, the liability for long service leave was determined by reference to the work of an actuary. In 2007-08, the liability for long service leave has been determined by using the Finance Short Hand Method, as outlined in the FMOs.

The estimate of the present value of the liability takes into account expected attrition rates and pay increases through promotion.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The Department recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

Staff of the Department are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

The CSS and PSS are defined benefit schemes of the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the Financial Statements of the aggregate Australian Government and is settled by the Australian Government in due course. This aggregate liability is reported by the Department of Finance and Deregulation as an Administered item.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

The Department makes employer contributions to the employee superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government of the superannuation entitlements of the Department's employees. The Department accounts for the contributions as if they were contributions to defined contribution plans.

From 1 July 2005, new employees are eligible to join the PSSap scheme.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

1.10 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased non-current assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the entity will obtain ownership by the end of the lease term. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight line basis representative of the pattern of benefits derived from the leased assets.

Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

1.11 Borrowing Costs

All borrowing costs are expensed as incurred.

1.12 Cash

Cash and cash equivalents include notes and coins held and any deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

1.13 Financial Assets

The Department classifies financial assets as 'cash and cash equivalents', as outlined above, and 'loans and receivables'.

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Financial assets are recognised and derecognised upon 'trade date'.

Impairment of Financial Assets

Financial assets are assessed for impairment at each balance date.

1.14 Financial Liabilities

The Department's financial liabilities are classified as 'other financial liabilities'.

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and Other Payables

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Grants and Subsidies Payable

Grants and subsidies made by the Department are recognised as liabilities and expenses only at the time that the recipient has met all obligations and conditions required in the grant or subsidy agreement.

Financial liabilities are recognised and derecognised upon 'trade date'.

1.15 Contingent Liabilities and Contingent Assets

Contingent Liabilities and Contingent Assets are not recognised in the Balance Sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

1.16 Financial Guarantee Contracts

Financial guarantee contracts are accounted for in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. They are not treated as a contingent liability, as they are regarded as financial instruments outside the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. In 2007-08, the Department had no Departmental Financial Guarantee Contracts.

1.17 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor Agency's accounts immediately prior to the restructuring.

1.18 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items that are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'makegood' provisions in property leases taken up by the Department where an obligation exists to restore the property to its original condition. These costs are included in the value of the Department's leasehold improvements with a corresponding provision for the 'restoration obligation' recognised.

In 2007-08, the provision for the restoration obligation on leased property was increased as a result of a change in the discount rate used and the estimated amount of cash flows required to restore the properties to their original condition. The makegood asset was subsequently adjusted to reflect the change in fair value.

Revaluations

Fair values for each class of asset are determined as shown below:

Asset Class	Fair value measured at:
Buildings excluding leasehold improvements	Depreciated replacement cost
Leasehold improvements	Depreciated replacement cost
Infrastructure, plant and equipment	Market selling price or depreciated replacement cost
Heritage and cultural assets	Market selling price or depreciated replacement cost

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Following initial recognition at cost, property plant and equipment are carried at fair value, less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the asset's fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through the Income Statement. Revaluation decrements for a class of assets are recognised directly through the Income Statement except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

In 2007-08 a revaluation was undertaken by an independent valuer on the assets remaining within the Department after the Administrative Arrangements Order of 3 December 2007.

Depreciation

Depreciable property plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Department using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2008	2007
Buildings		
• Buildings	25 years	25 years
• Leasehold improvements	Lower of 10 years or term of lease	Lower of 10 years or term of lease
Infrastructure, Plant and Equipment		
• Computer equipment	3 to 5 years	3 to 5 years
• Plant, office equipment, furniture & fittings	5 to 10 years	5 to 10 years
Heritage and Cultural Assets		
• Heritage assets	2 to 40 years	2 to 40 years
• Artworks	10 to 500 years	10 to 500 years

Impairment

All assets were assessed for impairment at 30 June 2008. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Department were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.19 Intangibles

The Department's intangibles comprise of software externally purchased and internally developed for internal use.

These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Department's software are:

	2008	2007
• Externally purchased software	3 to 5 years	3 to 5 years
• Internally developed software	3 to 5 years	3 to 5 years

All software assets were assessed for indications of impairment as at 30 June 2008.

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1.20 Inventories

Inventories held for sale are valued at the lower of cost and net realisable value. Inventories held for distribution are valued at cost, adjusted for any loss of service potential.

Costs incurred in bringing each item of inventory to its present location and condition are assigned as follows:

- raw materials and stores – purchase cost on a first-in-first-out basis; and
- finished goods and work in progress – cost of direct materials and labour plus attributable costs that are capable of being allocated on a reasonable basis.

Inventories acquired at no cost or nominal considerations are initially measured at current replacement cost at the date of acquisition.

In 2007-08, the Department transferred the balance of inventories to the Department of the Environment, Water, Heritage and the Arts as part of the Administrative Arrangements Order of 3 December 2007.

1.21 Taxation

The Department is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

1.22 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related Notes.

Except where otherwise stated below, Administered Items are accounted for on the same basis and using the same policies as for Departmental items, including the application of Australian Accounting Standards.

Administered Cash Transfers to and from the Official Public Account

Revenue collected by the Department for use by the Australian Government rather than the Department is Administered Revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance and Deregulation. Conversely, cash is drawn from the OPA to make payments under Parliamentary Appropriation on behalf of the Australian Government. These transfers to and from the OPA are adjustments to the Administered cash held by the Department on behalf of the Australian Government and reported as such in the Statement of Cash Flows in the Schedule of Administered Items and in the Administered Reconciliation Table in Note 20. The Schedule of Administered Items largely reflects the Australian Government's transactions, through the Department, with parties outside the Government.

Revenue

All Administered revenues are revenues relating to the course of ordinary activities performed by the Department on behalf of the Australian Government.

1.23 Financial Assets

The Department classifies its financial assets in the following categories:

- financial assets as 'at fair value through profit or loss';
- 'held-to-maturity investments';
- 'available-for-sale' financial assets; and
- 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets are recognised and derecognised upon 'trade date'.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

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Income is recognised on an effective interest rate basis except for financial assets 'at fair value through profit or loss'.

Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

- has been acquired principally for the purpose of selling in the near future;
- is a part of an identified portfolio of financial instruments that the Department manages together and has a recent actual pattern of short-term profit-taking; or
- is a derivative that is not designated and effective as a hedging instrument.

Assets in this category are classified as current assets.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the asset within 12 months of the balance sheet date.

Available-for-sale financial assets are recorded at fair value. Gains and losses arising from changes in fair value are recognised directly in the reserves (equity) with the exception of impairment losses. Interest is calculated using the effective interest method and foreign exchange gains and losses on monetary assets are recognised directly in profit or loss. Where the asset is disposed of or is determined to be impaired, part or all of the cumulative gain or loss previously recognised in the reserve is included in profit for the period.

Where a reliable fair value can not be established for unlisted investments in equity instruments cost is used. The Department has no such instruments.

Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Loans and Receivables

Where loans and receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition and amortisation are recognised through surplus and deficit.

Impairment of Financial Assets

Financial assets are assessed for impairment at each balance date.

Financial Assets held at Amortised Cost

If there is objective evidence that an impairment loss has been incurred for loans and receivables or held-to-maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Schedule of Administered Income.

Available for Sale Financial Assets

If there is objective evidence that an impairment loss on an available for sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the Schedule of Administered Income.

Available for Sale Financial Assets (held at cost)

If there is objective evidence that an impairment loss has been incurred the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

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1.24 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Administered Investments

Administered investments in subsidiaries, joint ventures and associates are not consolidated because their consolidation is relevant only at the whole-of-government level.

Administered investments other than those held for sale are classified as 'available for sale' and are measured at their fair value as at 30 June 2008. Fair value has been taken to be the net assets of the entities as at balance date. For those assets where there is an active market, fair value is taken to be the quoted selling price as at the close of business at balance date.

Any changes in the 'fair value' of an investment which have been reflected in the Administered Investment Reserve have been transferred and reflected as a gain as 'Cumulative gain on de-recognition of investment reserve' on the de-recognition of the investment.

Financial Guarantee Contracts

Financial guarantee contracts are accounted for in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. They are not treated as a contingent liability, as they are regarded as financial instruments outside the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Indemnities

The maximum amounts payable under the indemnities given is disclosed in the Schedule of Administered Items: Contingencies. In 2007-08 the Department transferred all indemnities of art exhibitions to the Department of the Environment, Water, Heritage and the Arts as part of the Administrative Arrangements Order of 3 December 2007.

Grants and Subsidies

The Department administers a number of grant and subsidy schemes on behalf of the Australian Government.

Grant and subsidy liabilities are recognised to the extent that: (i) the services required to be performed by the grantee have been performed; or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. A commitment is recorded when the Government enters into an agreement to make these grants but services have not been performed or criteria satisfied.

Where grant payments are made in advance and the transaction is considered to be non-reciprocal in nature, the transaction is reported in accordance with AASB 1004 *Contributions*.

Asset Sales Program

This policy applies in relation to the sale of shares in Telstra which occurred in 2006-07.

Net gain or loss on sale of asset – the net gain or loss on the sale of shares in Telstra is calculated as the proceeds received, in relation to the sale, less the written down value of the shares in Telstra sold by the Australian Government adjusted for the 'Cumulative gain on de-recognition of investment reserve' on the de-recognition of the investment plus the expense in relation to the bonus loyalty share obligation.

National Broadband Network

The Department has commenced a Request for Proposal process that will provide up to \$4.7 billion to build a new high-speed, open-access, fibre-based National Broadband Network. As at 30 June 2008, the Department held in its custody bank guarantees as bond on behalf of entities who have registered their interest in the Request for Proposal for the National Broadband Network.

Payments to Commonwealth Authorities and Companies

From 2008-09, appropriation legislation has been changed to take into consideration that Commonwealth Authorities and Companies, bodies which fall under the *Commonwealth Authorities and Companies Act 1997* (CAC Act), are legally separate from the Australian Government and so do not debit appropriations or make payments from the Consolidated

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Revenue Fund. As a result of this change, the Department will receive additional appropriations for payment to CAC Act bodies within the Broadband, Communications and the Digital Economy Portfolio.

Note 2: Events after the Balance Sheet Date

There are no events that occurred after reporting date that would materially affect the Departmental and Administered Financial Statements.

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	01-Jul-07 to 02-Dec-07 \$'000	03-Dec-07 to 30-Jun-08 \$'000	2008 \$'000	2007 \$'000
NOTE 3: Income				
Revenue				
<u>Note 3A: Revenue from Government</u>				
Appropriations:				
Departmental outputs	59,751	51,463	111,214	146,552
Total revenue from Government	59,751	51,463	111,214	146,552
<u>Note 3B: Sale of goods and rendering of services</u>				
Sale of goods:				
- Sale of inventory goods			32	34
- Other sales of goods and services			40	2
Total sale of goods			72	36
Rendering of services:				
- Entry charges to exhibitions			121	229
- Fees for service provided			134	209
Total rendering of services			255	438
Total sale of goods and rendering of services			327	474
Sale of goods:				
Provision of goods - related entities			1	-
Provision of goods - external entities			71	36
Total sale of goods			72	36
Rendering of services:				
Rendering of services - related entities			5	54
Rendering of services - external entities			250	384
Total rendering of services			255	438
Total sale of goods and rendering of services			327	474
Costs of sales of goods			21	23
<u>Note 3C: Rental income</u>				
Operating leases:				
Rent and service contract licence fees			853	865
Artworks rental revenue			1,122	2,696
Total rental income			1,975	3,561
<u>Note 3D: Royalties</u>				
Royalties			-	16
Total royalties			-	16
<u>Note 3E: Other revenue</u>				
Grants received			387	234
Sponsorship and donations received			92	2,323
Cultural Ministers Council contributions			196	736
Sport and Recreation contributions			555	472
National Collections contributions			540	540
Cultural and Recreational Portal contributions			265	265
Other revenue			55	154
Total other revenue			2,090	4,724

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	2008 \$'000	2007 \$'000
NOTE 3 : Income (continued)		
Gains		
<u>Note 3F: Reversals of previous asset write-downs</u>		
Assets revaluation increment	113	-
Total reversals of previous asset write-downs	113	-
<u>Note 3G: Sale of assets</u>		
Property, plant and equipment		
Proceeds from sale	-	26
Carrying value of assets sold	-	(15)
Selling expense	-	-
Net gain (loss) from disposal of property, plant and equipment	-	11
Heritage and cultural assets		
Proceeds from sale	15	2
Carrying value of assets sold	(7)	(4)
Selling expense	-	-
Net gain (loss) from disposal of heritage and cultural assets	8	(2)
Intangibles		
Proceeds from sale	-	-
Carrying value of assets sold	-	(2)
Selling expense	-	-
Net gain (loss) from disposal of intangibles	-	(2)
Total proceeds from sale	15	28
Total carrying value of assets sold	(7)	(21)
Total selling expense	-	-
Total net gains from sale of assets	8	7
<u>Note 3H: Other gains</u>		
Resources received free of charge	470	405
Non-financial assets stocktake additions	9	6
Other	11	-
Total other gains	490	411

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	01-Jul-07 to 02-Dec-07 \$'000	03-Dec-07 to 30-Jun-08 \$'000	2008 \$'000	2007 \$'000
NOTE 4: Expenses				
Note 4A: Employee benefits				
Wages and salaries			49,121	54,595
Superannuation:				
Defined contribution plans			10,020	10,011
Leave and other entitlements			7,401	7,268
Separation and redundancies			388	85
Performance pay			1,063	1,507
Other employee expenses			1,635	1,264
Total employee benefits			69,628	74,730
Note 4B: Suppliers				
Provision of goods - related entities			96	7
Provision of goods - external entities			8,073	2,064
Rendering of services - related entities			3,134	7,312
Rendering of services - external entities			35,232	33,418
Operating lease rentals:				
Minimum lease payments			6,267	6,346
Contingent rentals			634	483
Workers' compensation premium and claims			309	812
Total supplier expenses			53,745	50,442
Note 4C: Grants				
Public sector:				
Australian Government Entities (related entities)	75	-	75	736
State and Territory Governments	116	-	116	160
Local Government	37	-	37	-
Private sector:				
Non-profit institutions	291	-	291	396
Total grant expenses	519	-	519	1,292
Note 4D: Depreciation and amortisation				
Depreciation:				
Other infrastructure, plant and equipment			2,558	2,471
Heritage and cultural assets			77	156
Buildings			1,232	823
Total depreciation			3,867	3,450
Amortisation:				
Intangibles: computer software			319	369
Total amortisation			319	369
Total depreciation and amortisation			4,186	3,819
The aggregate amounts of depreciation and amortisation expensed during the year for each class of depreciable asset are as follows:				
Leasehold improvements			1,232	823
Computer equipment			1,930	1,810
Plant, office equipment, furniture and fittings			628	661
Heritage and cultural assets			77	156
Computer software			319	369
Total depreciation and amortisation			4,186	3,819

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	01-Jul-07 to 02-Dec-07 \$'000	03-Dec-07 to 30-Jun-08 \$'000	2008 \$'000	2007 \$'000
Note 4E: Finance costs				
Unwinding of discount			99	82
Total finance costs			<u>99</u>	<u>82</u>
Note 4F: Write-down and impairment of assets				
Financial assets:				
Impairment on financial instruments *			14	4
Total write-down and impairment of financial assets			<u>14</u>	<u>4</u>
Non-financial assets:				
Impairment on land and buildings			63	-
Impairment on infrastructure, plant and equipment			26	-
Total write-down and impairment of non-financial assets			<u>89</u>	<u>-</u>
Total write-down and impairment of assets			<u>103</u>	<u>4</u>
* for the full disclosure on the impairment on financial instruments see note 15				
Note 4G: Other expenses				
Other			22	12
Total other expenses			<u>22</u>	<u>12</u>
NOTE 5: Operating Result				
Total income	63,775	52,442	116,217	155,745
Total expenses	67,838	60,464	128,302	130,381
Surplus (Deficit)	<u>(4,063)</u>	<u>(8,022)</u>	<u>(12,085)</u>	<u>25,364</u>

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for the year ended 30 June 2008

	2008 \$'000	2007 \$'000
NOTE 6: Financial Assets		
Note 6A: Cash and cash equivalents		
Cash on hand	8	15
Cash on hand - Special Accounts	-	43
Cash at bank - Special Accounts	70	7,002
Cash at bank - other than Special Accounts	3,027	1,572
Total cash and cash equivalents	3,105	8,632
All cash recognised is a current asset.		
Comparatives have been adjusted to include the Department's Salary Packaging account.		
Note 6B: Trade and other receivables		
Goods and services	213	2,407
Appropriations receivable:		
- for existing outputs	72,594	91,481
GST receivable from the Australian Taxation Office	534	1,428
Other receivables - employees	6	21
- related entities	700	273
Total trade and other receivables (gross)	74,047	95,610
Less: impairment allowances		
Goods and services	(3)	(866)
Total trade and other receivables (net)	74,044	94,744
Receivables are represented by:		
Current	23,630	36,815
Non-current	50,414	57,929
Total trade and other receivables (net)	74,044	94,744
Receivables (gross) are aged as follows:		
Not overdue	73,767	94,229
Overdue by:		
Less than 30 days	237	208
30 to 60 days	35	232
61 to 90 days	-	30
More than 90 days	8	911
Total trade and other receivables (gross)	74,047	95,610
The impairment allowances are aged as follows:		
Not overdue	-	-
Overdue by:		
Less than 30 days	-	-
30 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	(3)	(866)
Total impairment allowances	(3)	(866)

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Reconciliation of the impairment allowances:

Movements in relation to 2008

	Goods and services 2008 \$'000	Other receivables 2008 \$'000	Total 2008 \$'000
Opening balance	866	-	866
Amounts written off	(5)	-	(5)
Amounts recovered and reversed	(9)	-	(9)
Increase/decrease recognised in net surplus	17	-	17
Allowances relinquished	(866)	-	(866)
Closing balance	3	-	3

Movements in relation to 2007

	Goods and services 2007 \$'000	Other receivables 2007 \$'000	Total 2007 \$'000
Opening balance	973	-	973
Amounts written off	-	-	-
Amounts recovered and reversed	(125)	-	(125)
Increase/decrease recognised in net surplus	18	-	18
Closing balance	866	-	866

2008	2007
\$'000	\$'000

Note 6C: Accrued revenue

Goods and services	67	13
Total accrued revenues	67	13

All accrued revenues are current assets.

NOTE 7: Non-Financial Assets

Note 7A: Land and buildings

Leasehold improvements:

- fair value	11,490	5,464
- accumulated depreciation	(1,487)	(823)
- work in progress	-	921
Total leasehold improvements	10,003	5,562
Total land and buildings (non-current)	10,003	5,562

An independent valuer conducted the revaluation of the make good asset as at 30 June 2008.

Revaluation increments of \$2,086,184 for leasehold improvements (2007: nil increment) were credited to the asset revaluation reserve by asset class and included in the equity section of the balance sheet; no increments/decrements were expensed (2007: nil expensed).

No indicators of impairment were found for land and buildings.

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	2008 \$'000	2007 \$'000
NOTE 7: Non-Financial Assets (continued)		
<u>Note 7B: Infrastructure, plant and equipment</u>		
Infrastructure, plant and equipment:		
- gross carrying value (at fair value)	9,222	10,156
- accumulated depreciation	(3,992)	(2,471)
- work in progress	-	921
Total infrastructure, plant and equipment	5,230	8,606
Total infrastructure, plant and equipment (non-current)	5,230	8,606

All revaluations are conducted in accordance with the revaluation policy stated in Note 1. In 2007-08, an independent valuer conducted the revaluations as at 31 May 2008.

No revaluation increments for infrastructure, plant and equipment (2007: IP&E nil increment, Heritage and Cultural increment of \$1,518,773) were credited to the asset revaluation reserve by asset class and included in the equity section of the balance sheet. Revaluation increments of \$112,996 were recognised as gains in the Income Statement as the increase reversed a portion of a previous decrease recognised as an expense, (2007: nil revenue or expense).

No indicators of impairment were found for infrastructure, plant and equipment.

Note 7C: Heritage and cultural assets

Heritage and cultural assets:		
- fair value	-	48,252
- accumulated depreciation	-	-
Total heritage and cultural assets (non-current)	-	48,252

Note 7D: Intangibles

Computer software at cost:		
Purchased	2,369	3,197
Internally Developed - in progress	265	382
Internally Developed - in use	678	-
Total Computer Software	3,312	3,579
Accumulated amortisation	2,038	2,538
Accumulated impairment write-down	-	-
Total intangibles (non-current)	1,274	1,041

No indicators of impairment were found for intangible assets.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

NOTE 7: Non-Financial Assets (continued)

Note 7E: Analysis of infrastructure, plant and equipment

Table A - Reconciliation of the opening and closing balances of infrastructure, plant and equipment (2007-08)

	Total Land and Buildings \$'000	Infrastructure, Plant and Equipment \$'000	Heritage and Cultural Assets \$'000	Total \$'000
As at 1 July 2007				
Gross book value	6,385	11,076	48,253	65,714
Accumulated depreciation/amortisation and impairment	(823)	(2,471)	-	(3,294)
Net book value 1 July 2007	5,562	8,605	48,253	62,420
Additions:				
by purchase	2,930	1,500	706	5,136
Revaluations and impairments through equity	3,041	-	-	3,041
Reclassification	327	(327)	-	-
Depreciation/amortisation expense	(1,233)	(2,557)	(77)	(3,867)
Reversal of revaluation decrement in the operating result	-	113	-	113
Impairments recognised in the operating result	(62)	(27)	-	(89)
Disposals:				
From disposal of entities or operations (including restructuring)	(562)	(2,077)	(48,875)	(51,514)
By sale	-	-	(7)	(7)
Other disposals	-	-	-	-
Net book value 30 June 2008	10,003	5,230	-	15,233
Net book value as of 30 June 2008 represented by:				
Gross book value	11,490	9,222	-	20,712
Accumulated depreciation/amortisation and impairment	(1,487)	(3,992)	-	(5,479)
	10,003	5,230	-	15,233

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

NOTE 7: Non-Financial Assets (continued)

Note 7E: Analysis of infrastructure, plant and equipment (continued)

Table A - Reconciliation of the opening and closing balances of infrastructure, plant and equipment (2006-07)

	Total Land and Buildings \$'000	Infrastructure, Plant and Equipment \$'000	Heritage and Cultural Assets \$'000	Total \$'000
As at 1 July 2006				
Gross book value	5,176	7,741	41,821	54,738
Accumulated depreciation/amortisation and impairment	-	(20)	(7)	(27)
Net book value 1 July 2006	5,176	7,721	41,814	54,711
Additions:				
by purchase	1,209	3,371	1,782	6,362
Revaluations and impairments through equity	-	-	4,816	4,816
Reclassification	-	-	-	-
Depreciation/amortisation expense	(823)	(2,471)	(156)	(3,450)
Impairments recognised in the operating result	-	-	-	-
Disposals:				
From disposal of entities or operations (including restructuring)	-	-	-	-
By sale	-	-	-	-
Other disposals	-	(15)	(4)	(19)
Net book value 30 June 2007	5,562	8,606	48,252	62,420
Net book value as of 30 June 2007 represented by:				
Gross book value	6,385	11,077	48,252	65,714
Accumulated depreciation/amortisation and impairment	(823)	(2,471)	-	(3,294)
	5,562	8,606	48,252	62,420

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

NOTE 7: Non-Financial Assets (continued)

Note 7F: Analysis of intangibles

Table B - Reconciliation of the opening and closing balances of intangibles (2007-08)

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2007			
Gross book value	382	3,197	3,579
Accumulated depreciation/amortisation and impairment	-	(2,538)	(2,538)
Net book value 1 July 2007	382	659	1,041
Additions:			
- by purchase or internally developed	560	20	580
- by finance lease	-	-	-
Internally developed	-	-	-
Additions - from acquisitions of entities or operations (including restructuring)	-	-	-
Revaluations and impairments through equity	-	-	-
Reclassification	-	-	-
Amortisation expense	(66)	(252)	(318)
Impairments recognised in the operating result	-	-	-
Recoverable amount write-downs	-	-	-
Disposals:			
From disposal of entities or operations (including restructuring)	-	(29)	(29)
By sale	-	-	-
Other disposals	-	-	-
Net book value 30 June 2008	876	398	1,274
Net book value as of 30 June 2008 represented by:			
Gross book value	942	2,370	3,312
Accumulated depreciation/amortisation and impairment	(66)	(1,972)	(2,038)
	876	398	1,274

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

NOTE 7: Non-Financial Assets (continued)

Note 7F: Analysis of intangibles (continued)

Table B - Reconciliation of the opening and closing balances of intangibles (2006-07)

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2006			
Gross book value	-	3,193	3,193
Accumulated Depreciation	-	(2,170)	(2,170)
Net book value 1 July 2006	-	1,023	1,023
Additions:			
- by purchase or internally developed	382	7	389
- by finance lease	-	-	-
Internally developed	-	-	-
Additions - from acquisitions of entities or operations (including restructuring)	-	-	-
Revaluations and impairments through equity	-	-	-
Reclassification	-	-	-
Amortisation expense	-	(369)	(369)
Recoverable amount write-downs	-	-	-
Disposals:			
From disposal of entities or operations (including restructuring)	-	-	-
By sale	-	-	-
Other disposals	-	(2)	(2)
Net book value 30 June 2007	382	659	1,041
Net book value as of 30 June 2007 represented by:			
Gross book value	382	3,197	3,579
Accumulated depreciation/amortisation and impairment	-	(2,538)	(2,538)
	382	659	1,041

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

	2008 \$'000	2007 \$'000
NOTE 7: Non-Financial Assets (continued)		
<u>Note 7G: Inventories</u>		
Inventories held for sale:		
- Finished goods (cost)	-	51
<i>Total inventories (current)</i>	<u>-</u>	<u>51</u>

No indicators of impairment were found for inventories.

Note 7H: Other non-financial assets

Prepayments	430	675
<i>Total other non-financial assets</i>	<u>430</u>	<u>675</u>

All other non-financial assets are current assets.

No indicators of impairment were found for other non-financial assets.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

	2008 \$'000	2007 \$'000
NOTE 8: Payables		
Note 8A: Suppliers		
Trade creditors	6,258	6,998
Other creditors	28	282
Operating lease rentals	191	194
Total supplier payables	6,477	7,474
Supplier payables are represented by:		
Current	6,477	7,285
Non-current	-	189
Total supplier payables	6,477	7,474

Settlement is usually made net 30 days.

Note 8B: Lease incentives

Lease Incentives	179	244
Total lease incentives	179	244
Lease incentives are represented by:		
Current	41	77
Non-current	138	167
Total lease incentives	179	244

Note 8C: Other payables

Other payables	465	210
Unearned income	-	2,646
Total other payables	465	2,856

All other payables are current liabilities.

Comparatives have been adjusted to include payables under salary sacrifice arrangements.

NOTE 9: Provisions

Note 9A: Employee provisions

Salaries and wages	530	529
Leave	14,468	19,898
Superannuation	94	79
Separations and redundancies	90	-
Total employee provisions	15,182	20,506
Employee provisions are represented by:		
Current	13,359	18,056
Non-current	1,823	2,450
Total employee provisions	15,182	20,506

The classification of current includes amounts for which there is not an unconditional right to defer settlement by one year, hence in the case of employee provisions the above classification does not represent the amount expected to be settled within one year of reporting date. Employee provisions expected to be settled in twelve months from the reporting date is \$7,720,339 (\$6,940,732) in excess of one year \$7,461,915 (2007: \$13,565,240).

Department of Broadband, Communications and the Digital Economy
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2008

	2008 \$'000	2007 \$'000
NOTE 9: Provisions (continued)		
Note 9B: Other provisions		
Restoration obligations	4,351	1,585
Total other provisions	4,351	1,585
All restoration obligations in relation to leased properties are non-current liabilities.		
<i>Other Provisions is comprised of:</i>	Provision for makegood \$'000	Provision for makegood \$'000
Carrying amount 1 July 2007	1,585	1,124
Additional provisions made	2,692	379
Provisions relinquished	(25)	-
Amounts reversed	-	-
Unwinding of discount or change in discount rate	99	82
Closing balance 2008	4,351	1,585

The Department currently has five (2007: four) agreements for the leasing of premises which have provisions requiring the Department to restore the premises to their original condition at the conclusion of the lease. The Department has made a provision to reflect the present value of this obligation.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

NOTE 10: Restructuring

NOTE 10A: Departmental restructuring

Departmental Restructuring 2007-08

Administrative Arrangements Order of 3 December 2007

As a result of the abolition of the Department of Communications, Information Technology and the Arts on 3 December 2007, the Department of Communications, Information Technology and the Arts relinquished the following function and the Department of Broadband, Communications and the Digital Economy assumed responsibility for it:

- policy and program advice on telecommunications, broadcasting, information and communication technology, postal industries and the information economy.

This function was performed by the Department of Communications, Information Technology and the Arts for the period 1 July to 2 December 2007.

In respect of functions assumed, the net book values of assets and liabilities transferred to the Department of Broadband, Communications and the Digital Economy for no consideration and recognised as at the date of transfer were:

	2008 \$'000	2007 \$'000
Total assets recognised	147,277	-
Total liabilities recognised	72,292	-
Net assets assumed	74,985	-

Note, however, that this does not result in an increase in net assets in these financial statements because the Department of Communications, Information Technology and the Arts and the Department of Broadband, Communications and the Digital Economy are presented as a single department.

Revenues

Recognised by the Department of Communications, Information Technology and the Arts

Recognised by the Department of Broadband, Communications and the Digital Economy

Total revenues

42,181	-
52,562	-
94,743	-

Expenses

Recognised by the Department of Communications, Information Technology and the Arts

Recognised by the Department of Broadband, Communications and the Digital Economy

Total expenses

50,099	-
59,451	-
109,550	-

Department of Broadband, Communications and the Digital Economy

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2008

The Department of Communications, Information Technology and the Arts also relinquished the following functions, which were not assumed by the Department of Broadband, Communications and the Digital Economy:

- policy and program advice on the arts, cultural collections, film and digital content, Indigenous languages, cultures and arts;
- Old Parliament House and the National Portrait Gallery;
- Artbank; and
- policy and program advice on program management and agency support in relation to sports, anti-doping and industry development measures.

In respect of functions relinquished, the net book values of assets and liabilities transferred by the Department of Communications, Information Technology and the Arts for which no consideration was received as at the date of transfer were:

	2008 \$'000	2007 \$'000
<i>Department of the Environment, Water, Heritage and the Arts</i>		
Total assets relinquished	65,786	-
Total liabilities relinquished	10,670	-
Net assets relinquished	55,116	-
<i>Department of Health and Ageing</i>		
Total assets relinquished	1,507	-
Total liabilities relinquished	516	-
Net assets relinquished	991	-
<i>Department of Innovation, Industry, Science and Research</i>		
Total assets relinquished	202	-
Total liabilities relinquished	202	-
Net assets relinquished	-	-

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

NOTE 10B: Administered Restructuring

Administered Restructuring 2007-08

The Department of Communications, Information Technology and the Arts (DCITA) was abolished on 3 December 2007. DCITA's previous Arts and Culture Recreation (Outcome 1 and 2) functions were transferred to other agencies. A new agency, Department of Broadband, Communications and the Digital Economy (DBCDE) was established to take on the Broadcasting and the Communications (Outcome 3) functions from DCITA with an exception of Information and Communications Technology (ICT) - Incubators program which was transferred to the Department of Innovation, Industry, Science and Research (DIISR).

Administrative Arrangements Order of 3 December 2007

As a result of the abolition of the Department of Communications, Information Technology and the Arts (DCITA) on 3 December 2007, DCITA relinquished the following functions/programs and the Department of Broadband, Communications and the Digital Economy (DBCDE) assumed responsibility for them:

Communications

(excluding Building Information Technology Strengths - Incubators program, which was transferred to the Department of Innovation, Industry, Science and Research)

Broadcasting

(excluding the Indigenous Broadcasting program which was transferred to the Department of Environment, Water, Heritage and the Arts)

These functions were performed by DCITA for the period 1 July to 2 December 2007.

In respect of functions assumed, the net book values of assets and liabilities transferred to DBCDE for no consideration and recognised as at the date of transfer were:

	2008 \$'000	2007 \$'000
Total assets recognised	5,591,164	-
Total liabilities recognised	14,384	-
Net assets assumed	5,576,780	-

In respect of functions assumed, the net book values of assets and liabilities transferred to the DBCDE for no consideration and recognised as at the date of transfer were:

Revenues

Broadcasting

Recognised by the Department of Broadband, Communications and the Digital Economy

10

-

Recognised by the Department of Communications, Information Technology and the Arts

5

-

Communications

Recognised by the Department of Broadband, Communications and the Digital Economy

255,344

-

Recognised by the Department of Communications, Information Technology and the Arts

221,154

-

Total Revenues

476,513

-

Expenses

Broadcasting

Recognised by the Department of Communications, Information Technology and the Arts

18,695

-

Recognised by the Department of Broadband, Communications and the Digital Economy

11,024

-

Communications

Recognised by the Department of Broadband, Communications and the Digital Economy

121,968

-

Recognised by the Department of Communications, Information Technology and the Arts

57,811

-

Total Expenses

209,498

-

DCITA also relinquished the following functions, which were not assumed by DBCDE:

Arts and Cultural Heritage

Sport and Recreation

Communications

- Information and Communications Technology (ICT) Incubators program

Broadcasting

- Indigenous Broadcasting program

In respect of functions relinquished, the net book values of assets and liabilities transferred by DCITA for which no consideration was received as at the date of transfer were:

Department of the Environment, Water, Heritage and the Arts

Total assets relinquished	6,085,081	-
Total liabilities relinquished	1,615	-
Net assets relinquished	6,083,466	-

Recognised by the Department of Health and Ageing

Total assets relinquished	240,472	-
Total liabilities relinquished	318	-
Net assets relinquished	240,154	-

Recognised by the Department of Innovation, Industry, Science and Research

Total assets relinquished	-	-
Total liabilities relinquished	100	-
Net assets relinquished	(100)	-

Department of Broadband, Communications and the Digital Economy

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2008

Administered Restructuring 2006-07

As part of the Government's decision to sell Telstra through the T3 sale process, 4.31 billion shares were sold to the public, including 94.5 million set aside in relation to the Bonus Loyalty Shares arrangement. Of the remaining shares, 30.0 million shares were transferred to the former Department of Finance and Administration for disposal in accordance with the T3 sale process on 24 November 2006 and 2.1 billion shares were transferred to the Future Fund on 28 February 2007.

In addition, various receivables from the proceeds from the sale of the Telstra shares, together with the receivable attributable to the deferred proceeds from the instalment receipts where transferred to the former Department of Finance and Administration in accordance with the FMOs. The liability for the provision of shares under the bonus loyalty share arrangement was also transferred.

The transfers to the former Department of Finance and Administration and the Future Fund are reflected as restructures. All shares were revalued to their fair value prior to their transfer, while the receivables and liabilities where transferred at their book value.

In addition, and as part of the establishment of the Australian Communications and Media Authority (ACMA), it was agreed to transfer the management of the National Relay Service (NRS) to ACMA. The transfer was effective 1 August 2006. The assets and liabilities relating to the NRS were transferred to ACMA at their net book values.

As a result of the abolition of the Aboriginal and Torres Strait Islander Commission (ATSIC) and the Aboriginal and Torres Strait Islander Service (ATSIS), DCITA assumed responsibility for Indigenous programs relating to Arts, Culture and Language, Sport and Recreation and Broadcasting on 6 January 2005. As a result of a review of the values of the assets transferred to DCITA in 2004-05, the assets recognised were overstated. Accordingly, an adjustment was required to be reflected in the 2006-07 year in relation to the assets transferred in 2004-05.

	2008 \$'000	2007 \$'000
Transfer to the former Department of Finance and Administration		
Total assets relinquished	-	15,270,873
Total liabilities relinquished	-	345,015
Net assets derecognised or relinquished	-	14,925,858
Transfer to the Future Fund		
Total assets relinquished	-	8,965,843
Total liabilities relinquished	-	-
Net assets derecognised or relinquished	-	8,965,843
Transfer to the Australian Communications and Media Authority		
Total assets relinquished	-	4,318
Total liabilities relinquished	-	607
Net assets derecognised or relinquished	-	3,711
Transfer to the former Department of Families, Community Services and Indigenous Affairs		
Total assets derecognised	-	50
Total liabilities derecognised	-	-
Net assets derecognised or relinquished	-	50
Total net assets derecognised or relinquished	-	23,895,462

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

	2008 \$'000	2007 \$'000
Note 11: Cash Flow Reconciliation		
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement		
Reported cash and cash equivalents as per:		
Cash Flow Statement	3,105	8,632
Balance Sheet	3,105	8,632
Reconciliation of operating result to net cash from operating activities		
Operating result	(12,085)	25,364
Depreciation / amortisation	4,186	3,819
Net write-down of non-financial assets	(74)	-
Loss on disposal of assets	81	(7)
Other non-cash items	(50)	(666)
Changes in assets and liabilities (net of re-structuring transfers):		
(Increase) / decrease in net receivables	11,884	(29,525)
(Increase) / decrease in inventories	51	(15)
(Increase) / decrease in accrued revenue	(54)	12
(Increase) / decrease in other non-financial assets	67	(73)
Increase / (decrease) in employee provisions	1,927	1,722
Increase / (decrease) in supplier payables	325	1,797
Increase / (decrease) in prepayments received	-	674
Increase / (decrease) in lease incentives	-	(36)
Increase / (decrease) in other provisions	-	436
Increase / (decrease) in other payables	329	(743)
Net cash from / (used by) operating activities	6,587	2,759

Department of Broadband, Communications and the Digital Economy**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS***for the period ended 30 June 2008*

NOTE 12: Contingent Liabilities and Assets

There is no Schedule of Contingencies as there are no quantifiable contingent assets or contingent liabilities as at 30 June 2007 and 30 June 2008.

Quantifiable Contingencies

There are no quantifiable contingencies as at 30 June 2007 and 30 June 2008.

Unquantifiable Contingencies

There are no unquantifiable contingencies as at 30 June 2008.

In 2006-07, the Department reported two unquantifiable contingent liabilities in respect of legal action brought against the Australian Government. In 2007-08, one was decided in favour of the Australian Government and the other was transferred to the Department of the Environment, Water, Heritage and the Arts as a result of the Administrative Arrangements Order of 3 December 2007.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

	2008	2007
NOTE 13: Executive Remuneration		
The number of senior executives who received or were due to receive total remuneration of \$130,000 or more:		
\$130,000 to \$144,999	3	-
\$160,000 to \$174,999	2	3
\$175,000 to \$189,999	2	8
\$190,000 to \$204,999	8	11
\$205,000 to \$219,999	3	3
\$220,000 to \$234,999	-	4
\$235,000 to \$249,999	2	2
\$250,000 to \$264,999	3	3
\$265,000 to \$279,999	2	-
\$280,000 to \$294,999	-	1
\$295,000 to \$304,999	2	1
\$310,000 to \$324,999	2	1
\$325,000 to \$339,999	2	1
\$340,000 to \$354,999	1	-
\$400,000 to \$414,999	-	1
\$490,000 to \$504,999	1	-
Total	33	39
	2008	2007
	\$	\$
The aggregate amount of total remuneration of executives shown above.	7,895,293	8,571,872
The aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above.	267,074	-

The executive remuneration for 2008 incorporates the Department of Communications, Information Technology and the Arts for the period 1 July to 2 December 2007.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

	2008	2007
	\$	\$
NOTE 14: Remuneration of Auditors		
Financial statement audit services are provided free of charge to the Department.		
The fair value of the services provided was:		
Department	470,000	405,000
	<u>470,000</u>	<u>405,000</u>
No other services were provided by the Auditor-General.		

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

	2008 \$'000	2007 \$'000
NOTE 15: Financial Instruments		
NOTE 15A: Categories of financial instruments		
Financial Assets		
Loans and receivables		
Cash and cash equivalents	3,105	8,632
Receivables - good and services (net)	210	1,541
Receivables - employees	6	21
Receivables - related entities ¹	700	273
Carrying amount of financial assets	4,021	10,467
Financial Liabilities		
Other Liabilities		
Payables - goods and services	6,630	7,609
Payables - related entities ¹	311	75
Payables - others	179	244
Carrying amount of financial liabilities	7,120	7,928
¹ Receivables and payables from/to related entities relate to the transfer of employee provisions		
NOTE 15B: Net income and expense from financial assets		
Loans and receivables		
Impairment	14	4
Net gain/(loss) from financial assets	14	4

Department of Broadband, Communications and the Digital Economy

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

NOTE 15C: Fair value of financial instruments

	Carrying amount 2008 \$'000	Fair value 2008 \$'000	Carrying amount 2007 \$'000	Fair value 2007 \$'000
FINANCIAL ASSETS				
Loans and receivables				
Cash and cash equivalents	3,105	3,105	8,632	8,632
Receivables - good and services (net)	210	210	1,541	1,541
Receivables - employees	6	6	21	21
Receivables - related entities	700	700	273	273
Total	4,021	4,021	10,467	10,467
FINANCIAL LIABILITIES				
Other Liabilities				
Payables - goods and services	6,630	6,630	7,609	7,609
Payables - related entities	311	311	75	75
Payables - others	179	179	244	244
Total	7,120	7,120	7,928	7,928

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

NOTE 15D: Credit risk

The Department is exposed to minimal credit risk as loans and receivables are cash and receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of receivables less impairment losses recognised (2008: \$917,000 and 2007: \$1,835,000).

The Department manages its credit risk by undertaking background and credit checks prior to entering a debtor relationship. In addition, the Department has policies and procedures that guide debt recovery activities.

The Department holds no collateral to mitigate against credit risk.

Credit quality of financial instruments not past due or individually determined as impaired:

	Not Past Due Nor Impaired	Not Past Due Nor Impaired	Past due or impaired	Past due or impaired
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Loans and receivables				
Cash and cash equivalents	3,105	8,632	-	-
Receivables - good and services	185	1,260	28	1,147
Receivables - employees	-	7	6	14
Receivables - related entities	453	52	248	221
Total	3,743	9,951	282	1,382

Included in the Department's receivables balance are debtors with a carrying amount of \$259,000 (2007: \$516,000) which are past due at the reporting date for which the Department has not provided. Based on experience the Department believes that the amounts are still considered recoverable.

Ageing of financial assets that are past due but not impaired for 2008

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Loans and receivables					
Receivables - good and services	-	24	-	1	25
Receivables - employees	-	-	-	6	6
Receivables - related entities	237	11	-	-	248
Total	237	35	-	7	279

Ageing of financial assets that are past due but not impaired for 2007

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Loans and receivables					
Receivables - good and services	194	52	29	6	281
Receivables - employees	-	2	1	11	14
Receivables - related entities	15	178	-	28	221
Total	209	232	30	45	516

Department of Broadband, Communications and the Digital Economy

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

NOTE 15E: Liquidity risk

The Department's financial liabilities consist of payables. The exposure to liquidity risk is based on the notion that the Department may encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding mechanisms.

The following tables illustrate the maturities for financial liabilities

	On demand 2008 \$'000	Within 1 year 2008 \$'000	1 to 5 years 2008 \$'000	> 5 years 2008 \$'000	Total 2008 \$'000
Other Liabilities					
Payables - goods and services	-	6,630	-	-	6,630
Payables - related entities	-	311	-	-	311
Payables - others	-	179	-	-	179
Total	-	7,120	-	-	7,120

	On demand 2007 \$'000	Within 1 year 2007 \$'000	1 to 5 years 2007 \$'000	> 5 years 2007 \$'000	Total 2007 \$'000
Other Liabilities					
Payables - goods and services	-	7,609	-	-	7,609
Payables - related entities	-	75	-	-	75
Payables - others	-	244	-	-	244
Total	-	7,928	-	-	7,928

The Department is appropriated funding from the Australian Government. The Department manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the Department has policies in place to ensure timely payment are made when due and has no past experience of default.

NOTE 15F: Market risk

The Department holds basic financial instruments that do not expose it to certain market risks. The Department is not exposed to 'Currency risk' or 'Other price risk'.

The Department does not have any interest-bearing items on the balance sheet. Therefore, the Department is not exposed to Interest Rate risk

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

	2008 \$'000	2007 \$'000
NOTE 16: Income Administered on Behalf of Government		
Revenue		
Note 16A: Interest		
Term deposits and marketable securities	163,298	131,837
Total interest	163,298	131,837
Note 16B: Dividends		
Telstra dividend	-	902,469
Australia Post dividend	306,300	279,400
Total dividends	306,300	1,181,869
Note 16C: Industry levies		
National Relay Service (NRS) levy	-	3,710
Total industry levies	-	3,710
Note 16D: Other revenue		
Grant refunds	1,120	2,166
Subsidy refunds	5,986	-
Refunds from previous year insurance premium	-	677
Other revenue	6	4
Total other revenue	7,112	2,847
Gains		
Note 16E: Sale of assets		
Administered Investments - Telstra shares:		
Proceeds from sale	-	14,815,159
Written-down value of assets sold		
Value of assets sold	-	(15,564,602)
Cumulative gain on derecognition of investment reserve	-	11,229,742
Expense in relation to bonus loyalty share obligation	-	(345,015)
Total gains from sale of assets	-	10,135,284

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

	2008 \$'000	2007 \$'000
Note 16F: Other gains		
Gain from remeasuring financial instruments held at fair value through profit and loss	387	1
Cumulative gain on derecognition of investment reserve	-	6,643,511
Total other gains	387	6,643,512
Total Revenues Administered on Behalf of Government	477,097	18,099,059

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

	01-Jul-07 \$'000	03-Dec-07 \$'000	2008 \$'000	2007 \$'000
NOTE 17: Expenses Administered on Behalf of Government				
Note 17A: Grants				
Public Sector:				
Australian Government entities (related entities)	58,428	250	58,678	106,851
State and territory Governments	6,265	28,004	34,269	14,819
Local Governments	20,966	2,637	23,603	6,394
Private Sector:				
Non-profit organisations	79,411	15,856	95,267	86,810
Commercial entities	27,210	6,261	33,471	56,751
Overseas	-	-	-	320
Total grants	192,280	53,008	245,288	271,945
Note 17B: Subsidies				
Payable to related entities	-	-	-	60,274
Payable to external parties	21,035	65,053	86,088	108,472
Total subsidies	21,035	65,053	86,088	168,746
The 2006-07 comparatives have been adjusted upward by a net \$2.5m. These unintentional errors in subsidies expenses consist of an over accrual in the Broadband Connect program of \$2.0m offset by an under accrual in the Australian Broadband Guarantee Transitional program of \$4.5m. These adjustments were identified following a review of the accrual information sourced from the subsidiary program management system.				
Note 17C: Suppliers				
Rendering of services - related entities			751	3,454
Rendering of services - external entities			14,077	1,750
Total suppliers			14,828	5,204
Note 17D: Depreciation and amortisation				
Building - National Institute of Dramatic Art (NIDA)			770	1,714
Heritage and cultural assets - Old Parliament House (OPH)			900	1,855
Total depreciation and amortisation			1,670	3,569
Note 17E: Write-down and impairment of assets				
Impairment of financial instruments (receivable) *			6,075	348
Total write-down and impairment of assets			6,075	348
* for full disclosure on the impairment on financial instruments see note 24				
Note 17F: Other Expenses				
International membership fees			4,888	4,402
Public Lending Rights / Education Lending Rights Schemes			-	17,529
Losses from remeasuring financial instruments held at fair value through profit and loss			-	1
Total other expenses			4,888	21,932
Total Expenses Administered on Behalf of Government			358,837	471,744

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the period ended 30 June 2008

	2008 \$'000	2007 \$'000	
NOTE 18: Assets Administered on Behalf of Government			
Financial Assets			
Note 18A: Cash and cash equivalents			
Cash at bank	24	74	
Total cash and cash equivalents	24	74	
Note 18B: Receivables			
GST receivable from the ATO	4,987	6,312	
Grants refunds receivable	71	3,305	
Subsidy refunds receivable	251	4,872	
Total receivables	5,309	14,489	
Less: Impairment allowances	(171)	(7,418)	
Total receivables (net)	5,138	7,071	
Receivables (gross) are aged as follows:			
Not overdue	5,011	6,859	
Overdue by:			
Less than 30 days	73	-	
30 to 60 days	20	12	
61 to 90 days	27	-	
More than 90 days	178	7,618	
Total receivables (gross)	5,309	14,489	
The impairment allowances are aged as follows:			
Overdue by:			
Less than 30 days	-	-	
30 to 60 days	-	-	
61 to 90 days	-	-	
More than 90 days	(171)	(7,418)	
Total impairment allowances	(171)	(7,418)	
Goods and services receivables are with Entities external to the Australian Government. Credit terms are net 30 days (2007: 30 days)			
The GST receivable associated with subsidies expense in the 2006-07 comparatives has been adjusted upward by a net \$0.3m. These unintentional errors consist of an over accrual in the Broadband Connect program of \$0.2m offset by an under accrual in the Australian Broadband Guarantee Transitional program of \$0.5m. These adjustments were identified following a review of the accrual information sourced from the subsidiary program management system.			
Reconciliation of the impairment allowance:			
Movements in relation to 2008			
	Goods and services	Other receivables	Total
	\$'000	\$'000	\$'000
Opening balance	-	7,418	7,418
Amounts written off	-	(10,882)	(10,882)
Amounts recovered and reversed	-	(24)	(24)
Increase/decrease recognised in net surplus	-	6,097	6,097
Allowances relinquished	-	(2,438)	(2,438)
Closing balance	-	171	171
Movements in relation to 2007			
	Goods and services	Other receivables	Total
	\$'000	\$'000	\$'000
Opening balance	-	7,270	7,270
Amounts written off	-	-	-
Amounts recovered and reversed	-	-	-
Increase/decrease recognised in net surplus	-	374	374
Allowances relinquished	-	(226)	(226)
Closing balance	-	7,418	7,418

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

		2008 \$'000	2007 \$'000
NOTE 18: Assets Administered on Behalf of Government (continued)			
Note 18C: Other investments			
<i>Investments of Special Accounts:</i>			
Term deposits		211	2,047,282
Marketable securities ¹		2,381,198	170,603
		2,381,409	2,217,885
<i>Investments in Portfolio Agencies using the equity method:</i>			
Commonwealth authorities			
Australia Council	23A	-	29,491
Australian Broadcasting Corporation and controlled entities	23B	967,078	772,200
Australian Film Commission	23C	-	94,342
Australian Film, Television and Radio School	23D	-	39,700
Australian National Maritime Museum	23E	-	225,567
National Gallery of Australia and controlled entity	23F	-	3,439,546
National Library of Australia	23G	-	1,701,051
National Museum of Australia	23H	-	366,041
Special Broadcasting Service Corporation and controlled entity	23I	150,100	143,227
Australian Sports Commission	23J	-	240,185
		1,117,178	7,051,350
Commonwealth companies			
Film Finance Corporation Australia Ltd	23K	-	40,153
Australian Business Arts Foundation Ltd	23L	-	1,924
Australian Postal Corporation	23M	2,809,900	2,388,000
Bundanon Trust	23N	-	31,814
Film Australia Ltd	23O	-	20,100
NetAlert Ltd	23P	13	249
		2,809,913	2,482,240
Total investments		6,308,500	11,751,475

¹ The Communications Fund was established in September 2005 with a \$2 billion deposit into a Reserve Bank of Australia term deposit. Since then a longer term investment strategy has been implemented with Australia Office of Financial Management acting as the investment manager. This investment strategy includes low risk fixed asset marketable securities.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	2008 \$'000	2007 \$'000
NOTE 18: Assets Administered on Behalf of Government (continued)		
Non-Financial Assets		
<u>Note 18D: Land and building</u>		
Building - National Institute of Dramatic Art (NIDA)		
- fair value	-	36,630
Total land and building	-	36,630
<u>Note 18E: Heritage and cultural assets</u>		
Building - Old Parliament House (OPH)		
- fair value	-	50,880
- work in progress	-	2,979
Total OPH buildings	-	53,859
OPH Heritage Collections		
- fair value	-	4,256
- work in progress	-	175
Total OPH heritage collections	-	4,431
Total heritage and cultural assets	-	58,290

The National Institute of Dramatic Art and Old Parliament House Building and Heritage Collections balances were transferred to the Department of the Environment, Water, Heritage and the Arts (DEWHA) following the Administrative Arrangements Order of 3 December 2007.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

NOTE 18: Assets Administered on Behalf of Government (continued)

Note 18F: Table A : Reconciliation of the opening and closing balances of infrastructure, plant and equipment (2007-08)

	Total Land and Building \$'000	Heritage and Cultural Assets \$'000	Total \$'000
As at 1 July 2007			
Gross book value	36,630	58,290	94,920
Accumulated depreciation/amortisation and impairment	-	-	-
Net book value 1 July 2007	36,630	58,290	94,920
Additions:			
by purchase	48	1,192	1,240
Revaluations and impairments through equity	-	-	-
Depreciation/amortisation expense	(770)	(900)	(1,670)
Disposals:			
From disposal of entities or operations (including restructuring) ¹	(35,908)	(58,582)	(94,490)
Other disposals	-	-	-
Net book value 30 June 2008	-	-	-
Net book value as of 30 June 2008 represented by:			
Gross book value	-	-	-
Accumulated depreciation/amortisation and impairment	-	-	-

¹ The National Institute of Dramatic Art and Old Parliament House Buildings and Heritage Collections balances were transferred to the Department of the Environment, Water, Heritage and the Arts (DEWHA) following the Administrative Arrangements Order of 3 December 2007.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

NOTE 18: Assets Administered on Behalf of Government (continued)

NOTE 18F: Table A - Reconciliation of the opening and closing balances of infrastructure, plant and equipment (2006-07)

	Total Land and Buildings \$'000	Heritage and Cultural Assets \$'000	Total \$'000
As at 1 July 2006			
Gross book value	35,606	55,110	90,716
Accumulated depreciation/amortisation and impairment	-	-	-
Net book value 1 July 2006	35,606	55,110	90,716
Additions:			
by purchase	1,426	3,043	4,469
Revaluations and impairments through equity	1,312	1,992	3,304
Depreciation/amortisation expense	(1,714)	(1,855)	(3,569)
Disposals:			
From disposal of entities or operations (including restructuring)	-	-	-
Other disposals	-	-	-
Net book value 30 June 2007	36,630	58,290	94,920
Net book value as of 30 June 2007 represented by:			
Gross book value	36,630	58,290	94,920
Accumulated depreciation/amortisation and impairment	-	-	-
	36,630	58,290	94,920

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	2008 \$'000	2007 \$'000
NOTE 18: Assets Administered on Behalf of Government		
Note 18G: Prepayments		
Prepayments	2,487	49,041
Total prepayments	2,487	49,041
Total Assets Administered on Behalf of Government	6,316,149	11,902,581
NOTE 19: Liabilities Administered on Behalf of Government		
Payables		
Note 19A: Suppliers		
Trade creditors	1,084	1,779
Other creditors	-	31
Total suppliers	1,084	1,810
Note 19B: Grants and subsidies		
Public sector:		
Grants to state and territory Governments	-	2,076
Grants to local Governments	-	237
Private sector:		
Grants to non-profit organisations	550	98
Grants to commercial entities	955	491
Subsidies to commercial entities	15,049	13,420
Total grants and subsidies	16,554	16,322
Settlement is usually made according to the terms and conditions of each grant. This is usually within 30 days of performance or eligibility.		
The subsidies payable in the 2006-07 comparatives has been adjusted upward by a net \$2.8m. These unintentional errors consist of an over accrual in the Broadband Connect program of \$2.2m offset by an under accrual in the Australian Broadband Guarantee Transitional program of \$5.0m. These adjustments were identified following a review of the accrual information sourced from the subsidiary program management system.		
Note 19C: Administered GST payable		
GST Payable to the Official Public Account (OPA)	3,879	4,811
Total GST payable	3,879	4,811
Note 19D: Other payables		
Public Lending Rights / Educational Lending Rights Schemes	-	22
Total other payables	-	22
Total Liabilities Administered on Behalf of Government	21,517	22,965
All liabilities are expected to be settled within 12 months of balance date.		

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	2008 \$'000	2007 \$'000
NOTE 20: Administered Reconciliation Table		
Opening administered assets less administered liabilities as at 1 July	11,879,616	34,202,579
<i>Plus:</i> Administered income	476,710	1,320,264
<i>Less:</i> Administered expenses	(358,837)	(471,742)
Administered transfers to/from Australian Government:		
Annual appropriation administered expenses	308,690	519,523
Administered asset and liabilities appropriations	1,103	667
Special appropriations (refund provisions)	1	-
Transfers to the Official Public Account	(312,935)	(1,194,215)
Restructuring	(6,323,520)	(23,895,462)
Administered revaluations taken to/from reserves	623,417	(15,380,793)
Administered investments gain/(loss)	387	16,778,795
Closing administered assets less administered liabilities as at 30 June	6,294,632	11,879,616

NOTE 21: Administered Contingent Liabilities

Quantifiable Administered Contingencies

Quantifiable administered contingent liabilities that are not remote are disclosed in the Schedule of Administered Items as quantifiable administered contingent liabilities.

Unquantifiable Administered Contingencies

The Australian Government has provided indemnities to the non-Commonwealth members of the National Broadband Network (NBN) Panel of Experts to protect them against civil claims that may arise in the course of performing their duties.

There were no unquantifiable administered contingent liabilities at 30 June 2007 and 30 June 2008.

NOTE 22: Administered Contingent Assets

There were no administered contingent assets at 30 June 2007 and 30 June 2008.

Department of Broadband, Communications and the Digital Economy
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 for the period ended 30 June 2008

NOTE 23: Administered Investments

Ownership %		Notes	Principal Activity
2008	2007		
0	100	A	Australia Council - Provides advice and support for artistic practice of individuals and companies. Encourages all Australian people, communities, institutions in cultural activities. A body corporate established under the <i>Australia Council Act 1975</i> .
100	100	B	Australian Broadcasting Corporation and controlled entities - National broadcaster, contributing to and reflecting Australia's culture. A body corporate established under the <i>Australian Broadcasting Corporation Act 1983</i> .
0	100	C	Australian Film Commission - Development of an internationally competitive Australian screen industry. A body corporate established under the <i>Australian Film Commission Act 1975</i> .
0	100	D	Australian Film, Television and Radio School - Provides advanced education and training programs for Australian media industry. A body corporate established under the <i>Australian Film, Television and Radio School Act 1973</i> .
0	100	E	Australian National Maritime Museum - Acquires, researches, conserves and presents relevant material to Australia's maritime heritage. A body corporate established under the <i>Australian National Maritime Act 1990</i> .
0	100	F	National Gallery of Australia and controlled entity - Provides access to works of art and information about them locally, nationally and internationally. A body corporate established under the <i>National Gallery Act 1975</i> .
0	100	G	National Library of Australia - Provides a comprehensive collection of Australian library material and international documentary resources. A body corporate established under the <i>National Library Act 1960</i> .
0	100	H	National Museum of Australia - Provides Australians accessibility to Australian historical collections and public programs to develop Australia's history and culture. A body corporate established under the <i>National Museum of Australia Act 1980</i> .
100	100	I	Special Broadcasting Service Corporation and controlled entity - Provides multilingual and multicultural services that inform, educate and entertain. Promotes Australia's multicultural society. A body corporate established under the <i>Special Broadcasting Services Act 1991</i> .
0	100	J	Australian Sports Commission - Provides national leadership in all facets of sport development, through national sporting organisations, Government, the private sector, schools and the wider community.
0	100	K	Film Finance Corporation Australia Ltd - Provides financial support to the Australian film and television production industry. Incorporated in Australia.
0	100	L	Australia Business Arts Foundation Ltd (formerly Australian Foundation for Culture & Humanities Ltd) - Established to encourage private sector cultural sponsorship and philanthropy. Incorporated in Australia.
100	100	M	Australian Postal Corporation - Provides a national and international postal and parcel service. A body corporate established under the <i>Australian Postal Corporation Act 1989</i> .
0	100	N	Bundanon Trust - A trust established to manage and develop properties at Bundanon NSW as a living art centre. Incorporated in Australia.
0	100	O	Film Australia Ltd - Distributes and markets films and, in particular, produces programs of national interest. Incorporated in Australia.
100	100	P	NetAlert Ltd - Australia's internet safety advisory body established in 1999 to educate communities about managing access to the internet. Incorporated in Australia. Net Alert Ltd is currently in liquidation.

Investments shown above as zero % ownership as at 30 June 2008 were transferred to the Department of the Environment, Water, Heritage and the Arts as a result of the Administrative Arrangements Order of 3 December 2007 with the exception of the Australian Sports Commission which was transferred to the Department of Health and Ageing.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	2008 \$'000	2007 \$'000
NOTE 24: Administered Financial Instruments		
NOTE 24A: Categories of financial instruments		
Financial Assets		
Loans and receivables financial assets		
Cash and cash equivalents	24	74
Receivables - grant refunds (net)	71	711
Receivables - subsidy refunds (net)	80	48
	<u>175</u>	<u>833</u>
Fair value through profit and loss (designated)		
Term deposit	211	2,047,282
Marketable securities	2,381,198	170,603
	<u>2,381,409</u>	<u>2,217,885</u>
Carrying amount of financial assets	<u>2,381,584</u>	<u>2,218,718</u>
Financial Liabilities		
At amortised cost		
Payables - suppliers	1,084	1,810
Payables - grants	1,505	2,902
Payables - subsidies	15,049	13,420
Payables - other	-	22
	<u>17,638</u>	<u>18,154</u>
Carrying amount of financial liabilities	<u>17,638</u>	<u>18,154</u>

Department of Broadband, Communications and the Digital Economy

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2008

	2008 \$'000	2007 \$'000
NOTE 24B: Net income and expense from financial assets		
Loans and receivables		
Interest revenue	-	-
Exchange gains/(loss)	-	-
Impairment	6,075	348
Gain/loss on disposal	-	-
Net gain/(loss) loans and receivables	6,075	348
Available for sale		
Dividend revenue		
- Telstra dividend	-	902,469
- Cumulative gain on derecognition of investment reserve	-	6,643,511
Net gain/(loss) available for sale	-	7,545,980
Fair value through profit and loss		
Designated as such:		
-Interest revenue	163,298	131,837
Other gains/ (losses)		
- Gains from remeasuring financial instruments held at fair value through profit and loss	387	1
- Cumulative gain on derecognition of investment reserve	-	-
- Losses from remeasuring financial instruments held at fair value through profit and loss	-	(1)
Net gain/(loss) at fair value through profit and loss	163,685	131,837
Net gain/(loss) from financial assets	169,760	7,678,165

Department of Broadband, Communications and the Digital Economy

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for the period ended 30 June 2008

NOTE 24C: Fair value of financial instruments

	Carrying amount 2008 \$'000	Fair value 2008 \$'000	Carrying amount 2007 \$'000	Fair value 2007 \$'000
FINANCIAL ASSETS				
Loans and receivables				
Cash at bank	24	24	74	74
Receivables - grant refunds (net)	71	71	711	711
Receivables - subsidy refunds (net)	80	80	48	48
Fair value through profit and loss (designated)				
Term deposit	211	211	2,047,282	2,047,282
Marketable securities	2,381,198	2,381,198	170,603	170,603
Total	2,381,584	2,381,584	2,218,718	2,218,718
FINANCIAL LIABILITIES				
Other Liabilities				
Payables - suppliers	1,084	1,084	1,810	1,810
Payables - grants	1,505	1,505	2,902	2,902
Payables - subsidies	15,049	15,049	13,420	13,420
Payables - other	-	-	22	22
Total	17,638	17,638	18,154	18,154

Valuation Method used for determining the fair value of financial instruments

The following table identifies for those assets and liabilities (at fair value through profit and loss) carried at fair value whether fair value was obtained by reference to market prices or by a valuation technique that employs observable market transactions, or one that uses non-observable market inputs to determine a fair value.

	Valuation technique utilising			
	Market values \$'000	Market inputs \$'000	Non-market inputs \$'000	Total \$'000
Financial assets at fair value				
Fair value through profit and loss (designated)				
Term deposit	211	-	211	211
Marketable securities	2,381,198	-	2,381,198	2,381,198
Financial assets at fair value	2,381,409	-	2,381,409	2,381,409
Financial liabilities at fair value				
Payables - suppliers	1,084	1,084	-	1,084
Payables - grants	1,505	1,505	-	1,505
Payables - subsidies	15,049	15,049	-	15,049
Payables - other	-	-	-	-
Financial assets at fair value	17,638	17,638	-	17,638

Investments of Communications Fund

The market value of the marketable Fund is based on a zero coupon curve methodology. The market value is calculated as the discounted present value of the future cashflows on the investments of the Fund at that date using yields from a zero coupon curve.

For term deposits with the Reserve Bank of Australia, a zero coupon curve based on the overnight cash rate and overnight indexed swap rates for one, two and three months has been used. These yields are used to reflect the default-free credit risk status of the Reserve Bank. For all other investments, a zero coupon curve based on the overnight cash rate and bank bill swap rates for one, two and three months has been used.

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NOTE 24D: Credit risk

The administered activities of the Department is not exposed to a high level of credit risk as the majority of financial assets are receivables, investment in Portfolio Agencies and investments of Communications Fund.

Financial risk management objectives and the policies

Receivables

The Department manages its credit risk by undertaking background and credit checks prior to allowing a debtor relationship. In addition, the Department has policies and procedures that guide debt recovery techniques that are to be applied.

Investments of the Communications Fund

The Department's investments of the Communications Fund credit risk exposures are subject to limits as set out in the investment guidelines issued to its service provider, Australian Office of Financial Management (AOFM), governing the investment strategy of the Fund. The current guidance expires in 2009. A summary of the guidelines are:

- the Fund is to have a relatively high level of liquidity whereby all the principal fund and accumulated earnings will be available within 3 months with minimum risk of capital loss over the period;
- the Fund is to invest in a portfolio of basic low risk instruments;
- the Fund is to achieve a return of at least equal to the RBA Cash Rate over rolling 12 month periods;
- the Fund is to maintain a credit quality of AAA as set by Standard and Poor's (S&P); and
- the Fund has to comply with the Investment Authorisation at all times.

Monthly reporting is provided by the AOFM to the Department on the transactions, performance and composition of the investments. It also shows the Fund's compliance with the various limits set in the investment guidelines.

Concentration of Risk

Due to the restrictions as required under the Fund's investment guidelines, the Fund will typically have credit exposures to a small number of highly rated counterparties. Where possible, diversification of credit exposures is sought. It is expected credit limits may be fully utilised from time to time in view of the objective of maximising return.

The maximum exposure of credit risk is the risk that arises from the default of an issuer. The Communications Fund does not hold any collateral for its investments.

The maximum exposure to credit risk is outlined in the table below:

	2008 \$'000	2007 \$'000
Financial assets		
Loans and receivables		
Cash at bank	24	74
Receivables - grant refunds	71	3,305
Receivables - subsidy refunds	251	4,872
Fair value through profit and loss (designated)		
Term deposits	211	2,047,282
Marketable securities	2,381,198	170,603
Total	2,381,755	2,226,136

The Government has assessed the risk of the default on payment and has allocated the following amounts to an impairment allowance account:

Receivables - grant refunds	Nil in 2008 (2007: \$2,594,000)
Receivables - subsidy refunds	\$171,000 in 2008 (2007: \$4,824,000)

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Credit quality of financial instruments not past due or individually determined as impaired

	Not Past Due Nor Impaired 2008 \$'000	Not Past Due Nor Impaired 2007 \$'000	Past due or impaired 2008 \$'000	Past due or impaired 2007 \$'000
Loans and receivables				
Cash at bank	24	74	-	-
Receivables - grant refunds	-	547	71	7,630
Receivables - subsidy refunds	24	-	227	-
Fair value through profit and loss (designated)				
Term deposits	211	2,047,282	-	-
Marketable securities	2,381,198	170,603	-	-
Total	2,381,457	2,218,506	298	7,630

Ageing of financial assets that are past due but not impaired for 2008

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total	\$'000
Loans and receivables						
Receivables - grant refunds	71	-	-	-	71	71
Receivables - subsidy refunds	2	20	27	7	56	56
Total	73	20	27	7	127	127

Ageing of financial assets that are past due but not impaired for 2007

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total	\$'000
Loans and receivables						
Receivables - grant refunds	-	5	-	200	205	205
Receivables - subsidy refunds	-	7	-	-	7	7
Total	-	12	-	200	212	212

NOTE 24E: Liquidity risk

The Government's administered financial liabilities are trade creditors and grants and subsidies payable. The exposure to liquidity risk is based on the notion that the Government will encounter difficulty in meeting its obligations associated with administered financial liabilities. This is highly unlikely due to appropriation funding and mechanisms available to the Entity and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

The following tables illustrates the maturities for financial liabilities:

	On demand 2008 \$'000	Within 1 year 2008 \$'000	1 to 5 years 2008 \$'000	> 5 years 2008 \$'000	Total 2008 \$'000
Other Liabilities					
Payables - suppliers	-	1,084	-	-	1,084
Payables - grants	-	1,505	-	-	1,505
Payables - subsidies	-	15,049	-	-	15,049
Payables - other	-	-	-	-	-
Total	-	17,638	-	-	17,638

	On demand 2007 \$'000	Within 1 year 2007 \$'000	1 to 5 years 2007 \$'000	> 5 years 2007 \$'000	Total 2007 \$'000
Other Liabilities					
Payables - suppliers	-	1,810	-	-	1,810
Payables - grants	-	2,902	-	-	2,902
Payables - subsidies	-	13,420	-	-	13,420
Payables - other	-	22	-	-	22
Total	-	18,154	-	-	18,154

Investments of the Communications Fund

The exposure to liquidity risk for the investments of the Communications Fund is relatively low. The investment policy provided to the AOFM requires the Fund to have access to all principal and accumulated earnings within 3 months notice. To achieve this, some of the investments may need to be sold at small losses. However, the overall minimum return as stipulated in the investment guidelines can still be achieved.

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NOTE 24F: Market risk

The Department holds basic financial instruments that does not expose the Department to certain market risks. The Department is not exposed to "currency risk" or "other price risk".

Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Department is exposed to interest rate risk primarily from the investments of the Communications Fund.

The Communications Fund holds a portfolio of short-term discount instruments, primarily comprising negotiable certificates of deposit and bank accepted bills of exchange. Changes in domestic interest rates will impact on the fair value of this portfolio. When interest rates rise, the fair value of the portfolio will fall (and vice-versa). Changes in interest rates have no impact on future cash flows on principal amounts at maturity.

The following table is an example of a sensitivity analysis of the risk that the Department is exposed to.

If on 30 June 2008, had domestic interest rates experienced an immediate 50 basis point parallel upward (downward) movement across the yield curve, with all other variables held constant, the effect on operating result (calculated at fair value through profit or loss) and equity position for the year ended 30 June 2008 would be as follows:

		Change in risk variable	Effect on	
			Profit and loss 2008 \$'000	Equity 2008 \$'000
	Risk variable	%		
Currency risk		0	0	0
Interest rate risk - domestic interest	Increase/decrease	0.5	1,355	1,355
		-0.5	(1,355)	(1,355)

		Change in risk variable	Effect on	
			Profit and loss 2007 \$'000	Equity 2007 \$'000
	Risk variable	%		
Currency risk		0	0	0
Interest rate risk - domestic interest	Increase/decrease	0.5	158	158
		-0.5	-158	-158

Interest rate risk sensitivity has been measured assuming that on 30 June 2008 domestic interest rates are 50 basis points higher and lower across the entire yield curve than those observed as at 30 June 2008. The sensitivity analysis comprised a comparison of:

- the fair value of the portfolio as at 30 June 2008 for positions as at 30 June 2008 and at market interest rates as at 30 June 2008; and
- the fair value of the portfolio as at 30 June 2008 for positions as at 30 June 2008 and at market interest rates that are 50 basis points higher and lower than the relevant market interest rate as at 30 June 2008.

NOTE 24G: Assets pledged/or held as collateral**Assets pledged as collateral**

The Department does not have any assets pledged as collateral as at 30 June 2008 (2007: nil).

Assets held as collateral

The Department does not hold any assets as collateral as at 30 June 2008 (2007: nil).

Department of Broadband, Communications and the Digital Economy
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for the period ended 30 June 2008

NOTE 25: Appropriations

NOTE 25A: Accrual of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations and Borrowings for the period 1 July to 2 December 2007*

Department of Communications, Information Technology and the Arts	Administered Expenses			Departmental Outputs	Total
	Outcome 1	Outcome 2	Outcome 3		
	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000
Balance brought forward from previous period (<i>Appropriation Acts</i>)					
Corrections of prior year errors	38,482	1,216	216,442	92,802	348,942
Adjusted balance carried from previous year					
Adjusted balance	38,482	1,216	216,442	92,802	348,942
<i>Appropriation Act:</i>					
<i>Appropriation Act (No.1) 2007-2008</i>					
<i>Appropriation Act (No.3) 2007-2008</i>	191,038	28,897	587,854	143,785	951,574
<i>Appropriation Act (No.5) 2007-2008</i>	-	-	-	-	-
Administered appropriation lapsed (<i>Appropriation Act</i> section 8):					
- prior years	(15,009)	(1,218)	(200,829)	-	(217,056)
- current year	-	-	-	-	-
Reductions of appropriations (<i>Appropriation Act</i> section 9)	-	-	-	-	-
Advance to the Finance Minister (<i>Appropriation Act</i> section 11)	-	-	-	-	-
Comcover Receipts (<i>Appropriation Act</i> section 12)	-	-	-	-	-
<i>FMA Act:</i>					
Refunds credited (<i>FMA Act</i> section 30)	1,095	129	2,447	76	3,747
Appropriations to take account of recoverable GST (<i>FMA Act</i> s30A)	2,863	889	8,906	3,279	15,937
Annotations to 'net appropriations' (<i>FMA Act</i> s31)	-	-	-	1,973	1,973
Adjustment of appropriations on change of entity function (<i>FMA Act</i> s32)	(130,372)	(20,455)	(516,488)	(169,252)	(836,567)
Total appropriation available for payments	88,097	9,458	98,332	72,663	268,550
Cash payments made during the year (GST inclusive)	(88,097)	(9,458)	(98,332)	(70,972)	(266,859)
Appropriations credited to Special Accounts (GST exclusive)	-	-	-	(888)	(888)
Payables to the Official Public Account transferred to DBCOE	-	-	-	7	7
GST receivable transferred DBCOE	-	-	-	(810)	(810)
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations	-	-	-	-	-
Represented by:					
Cash at bank and on hand	-	-	-	-	-
Departmental appropriations receivable	-	-	-	-	-
GST receivable from customers	-	-	-	-	-
GST receivable from the ATO	-	-	-	-	-
GST Payable	-	-	-	-	-
Undrawn, unapplied administered appropriations	-	-	-	-	-
Payable to the Official Public Account	-	-	-	-	-
Total	-	-	-	-	-

Departmental and non-operating appropriations do not lapse at financial year end. However, the responsible Minister may decide that part or all of a departmental or non-operating appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.

* Comparative amounts are contained in Table 25C

Department of Broadband, Communications and the Digital Economy
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NOTE 25B: Accrual of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations and Borrowings for the period

3 December to 30 June 2008*

Department of Broadband, Communications and the Digital Economy	Administered Expenses			Departmental Outputs	Total
	Outcome 1	Outcome 2	Outcome 3		
	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000
Balance brought forward from previous period (Appropriation Acts)	-	-	-	-	-
Appropriation Act:					
Appropriation Act (No.1) 2007-2008	-	-	-	-	-
Appropriation Act (No.3) 2007-2008	-	-	-	-	-
Appropriation Act (No.5) 2007-2008	-	-	-	-	-
Administered appropriation lapsed (Appropriation Act section 8)	-	-	-	-	-
Reductions of appropriations (Appropriation Act section 9)	-	-	-	(1,217)	(1,217)
Advance to the Finance Minister (Appropriation Act section 11)	-	-	-	-	-
Concoquer Receipts (Appropriation Act section 12)	-	-	-	46	46
FMA Act:					
Refunds credited (FMA Act section 30)	-	-	105	272	377
Appropriations to take account of recoverable GST (FMA Act s30A)	-	-	11,829	2,349	14,178
Annotations to net appropriations (FMA Act s31)	-	-	-	1,679	1,679
Adjustment of appropriations on change of entity function (FMA Act s32)	-	-	497,725	130,181	627,906
Total appropriation available for payments	-	-	509,659	133,310	642,969
Cash payments made during the year (GST inclusive)	-	-	(134,177)	(58,891)	(193,068)
Appropriations credited to Special Accounts (GST exclusive)	-	-	-	-	-
Payables to the Official Public Account transferred to DBCODE	-	-	-	(7)	(7)
GST receivable transferred from DGTIA	-	-	-	810	810
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations	-	-	375,482	75,222	450,704
Represented by:					
Cash at bank and on hand	-	-	24	3,035	3,059
Departmental appropriations receivable	-	-	-	71,969	71,969
GST receivable from customers	-	-	-	2	2
GST receivable from the ATO	-	-	-	571	571
GST Payable	-	-	-	(343)	(343)
Undrawn, unapplied administered appropriations	-	-	375,458	-	375,458
Payable to the Official Public Account	-	-	-	(12)	(12)
Total	-	-	375,482	75,222	450,704

* Comparative amounts are contained in Table 25C

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NOTE 25C: Aquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations and Borrowings for the period 1 July to 30 June 2007

Comparative Year	Administered Expenses			Departmental Outputs	Total
	Outcome 1	Outcome 2	Outcome 3		
	2007 \$'000	2007 \$'000	2007 \$'000	2007 \$'000	2007 \$'000
Balance brought forward from previous period (<i>Appropriation Acts</i>)	24,552	1,224	129,607	66,263	221,546
Corrections of prior year errors	-	-	(20,924)	(325)	(21,249)
Adjusted balance carried from previous year	24,552	1,224	108,683	65,938	200,397
<i>Appropriation Act:</i>					
<i>Appropriation Act (No. 1)</i>	181,753	30,175	433,836	135,449	781,213
<i>Appropriation Act (No. 3)</i>	7,202	3,057	28,666	10,977	49,902
<i>Appropriation Act (No. 5)</i>	-	5,108	-	126	5,234
Administered appropriation lapsed (<i>Appropriation Act</i> section 8):					
- prior years	(1,296)	(1,226)	(57,818)	-	(60,339)
- current year	-	-	-	-	-
Reductions of appropriations (<i>Appropriation Act</i> section 9)	-	-	-	-	-
Advance to the Finance Minister (<i>Appropriation Act</i> section 11)	-	-	-	-	-
Concovert Receipts (<i>Appropriation Act</i> section 12)	-	-	-	-	-
<i>FMA Act:</i>					
Refunds credited (<i>FMA Act</i> section 30)	110	219	184	757	1,270
Appropriations to take account of recoverable GST (<i>FMA Act</i> s30A)	6,141	3,685	28,918	4,550	43,304
Annotations to 'net appropriations' (<i>FMA Act</i> s31)	-	-	-	1,010	1,010
Adjustment of appropriations on change of entity function (<i>FMA Act</i> s32)	-	-	-	-	-
Total appropriation available for payments	218,463	42,252	542,469	218,807	1,021,991
Cash payments made during the year (GST inclusive)	(179,981)	(41,036)	(326,027)	(125,854)	(672,898)
Appropriations credited to Special Accounts (GST exclusive)	-	-	-	(151)	(151)
Payables to the Official Public Account transferred to DBGDE	-	-	-	-	-
GST receivable transferred from DQ1A	-	-	-	-	-
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations	38,482	1,216	216,442	92,802	348,942
<i>Represented by:</i>					
Cash at bank and on hand	64	-	10	1,588	1,662
Departmental appropriations receivable	-	-	-	90,210	90,210
GST receivable from customers	-	-	-	184	184
GST receivable from the ATO	-	-	-	1,439	1,439
GST Payable	-	-	-	(615)	(615)
Undrawn, unapplied administered appropriations	38,418	1,216	216,432	-	256,066
Payable to the Official Public Account	-	-	-	(4)	(4)
Total	38,482	1,216	216,442	92,802	348,942

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NOTE 25D: Acquital of Authority to Draw Cash from the Consolidated Revenue Fund for other than Ordinary Annual Services Appropriations for the period 1 July to 2 December 2007*

Department of Communications, Information Technology and the Arts	Operating Outcome 2				Non - operating				Total
	Outcome 1		Outcome 3		Equity	Loans	Previous Years' Outputs	Admin assets and liabilities	
	SPPs	NAE	SPPs	NAE					
	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000
Balance brought forward from previous period (<i>Appropriation Acts</i>)	-	-	3,929	-	1,271	-	-	3,334	8,534
<i>Appropriation Act:</i>									
<i>Appropriation Act (No.2) 2007-2008</i>	-	-	20,500	-	249	-	-	8,000	28,749
<i>Appropriation Act (No.4) 2007-2008</i>	-	-	-	-	-	-	-	-	-
<i>Appropriation Act (No.6) 2007-2008</i>	-	-	-	-	-	-	-	-	-
Administered appropriation lapsed (<i>Appropriation Act</i> section 7 & 8):									
- prior years	-	-	(3,929)	-	-	-	-	-	(3,929)
- current year	-	-	-	-	-	-	-	-	-
Reduction of appropriation (<i>Appropriation Act</i> section 11)	-	-	-	-	-	-	-	-	-
Advance to the Finance Minister (<i>Appropriation Act</i> section 12)	-	-	-	-	-	-	-	-	-
<i>FMA Act:</i>									
Refunds credited (<i>FMA Act</i> section 30)	-	-	500	-	-	-	-	3	503
Appropriations to take account of recoverable GST (<i>FMA Act</i> s30A)	-	-	250	-	-	-	-	109	359
Adjustment of appropriations on change of entity function (<i>FMA Act</i> s32)	-	-	(18,500)	-	(769)	-	-	(10,230)	(29,499)
Total appropriations available for payments	-	-	2,750	-	751	-	-	1,216	4,717
Cash payments made during the year (GST inclusive)	-	-	(2,750)	-	(751)	-	-	(1,216)	(4,717)
Appropriations credited to Special Accounts (GST exclusive)	-	-	-	-	-	-	-	-	-
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for									
Other Than Ordinary Annual Services Appropriations	-	-	-	-	-	-	-	-	-
Represented by:									
Departmental appropriation receivable	-	-	-	-	-	-	-	-	-
Undrawn, unapplied administered appropriations	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-

* Comparative amounts are contained in Table 25F

Department of Broadband, Communications and the Digital Economy
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NOTE 25E: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for other than Ordinary Annual Services Appropriations for the period 3 December to 30 June 2008*

Department of Broadband, Communications and the Digital Economy	Outcome 1			Operating Outcome 2			Outcome 3			Non - operating				Total
	SPPs		NAE	SPPs		NAE	SPPs		NAE	Equity	Loans	Previous Years' Outputs	Admin assets and liabilities	
	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	
Balance brought forward from previous period (Appropriation Acts)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriation Act:														
Appropriation Act (No.2) 2007-2008	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriation Act (No.4) 2007-2008	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriation Act (No.6) 2007-2008	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administered appropriation lapsed (Appropriation Act section 7 & 8):														
- prior years	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- current year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reduction of appropriation (Appropriation Act section 11)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advance to the Finance Minister (Appropriation Act section 12)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FMA Act:														
Refunds credited (FMA Act section 30)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriations to take account of recoverable GST (FMA Act s30A)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment of appropriations on change of entity function (FMA Act s32)	-	-	-	-	-	-	-	-	-	659	-	-	-	659
Total appropriations available for payments	-	-	-	-	-	-	-	-	-	659	-	-	-	659
Cash payments made during the year (GST inclusive)	-	-	-	-	-	-	-	-	-	(34)	-	-	-	(34)
Appropriations credited to Special Accounts (GST exclusive)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Other Than Ordinary Annual Services Appropriations	-	-	-	-	-	-	-	-	-	625	-	-	-	625
Represented by:														
Departmental appropriation receivable	-	-	-	-	-	-	-	-	-	625	-	-	-	625
Undrawn, unexpended administered appropriations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	625	-	-	-	625

* Comparative amounts are contained in Table 25F

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NOTE 25F: Acquital of Authority to Draw Cash from the Consolidated Revenue Fund for other than Ordinary Annual Services Appropriations for the period 1 July to 30 June 2007

Comparative	Operating Outcome 2				Non - operating				Total
	Outcome 1		Outcome 3		Equity	Loans	Previous Years' Outputs	Admin assets and liabilities	
	SPPs	NAE	SPPs	NAE					
	2007 \$'000	2007 \$'000	2007 \$'000	2007 \$'000	2007 \$'000	2007 \$'000	2007 \$'000	2007 \$'000	2007 \$'000
Balance brought forward from previous period (Appropriation Acts)	-	-	-	-	429	-	-	-	429
Appropriation Act:									
Appropriation Act (No.2)	-	-	5,495	-	660	-	-	4,000	10,155
Appropriation Act (No.4)	-	-	120	-	1,442	-	-	-	1,562
Appropriation Act (No.6)	-	-	-	-	-	-	-	-	-
Administered appropriation lapsed (Appropriation Act section 7 & 8):									
- prior years	-	-	-	-	-	-	-	-	-
- current year	-	-	-	-	-	-	-	-	-
Reduction of appropriation (Appropriation Act section 11)	-	-	-	-	-	-	-	-	-
Advance to the Finance Minister (Appropriation Act section 12)	-	-	-	-	-	-	-	-	-
FMA Act:									
Refunds credited (FMA Act section 30)	-	-	-	-	-	-	-	-	-
Appropriations to take account of recoverable GST (FMA Act s30A)	-	-	169	-	116	-	-	57	342
Adjustment of appropriations on change of entity function (FMA Act s32)	-	-	-	-	-	-	-	-	-
Total appropriations available for payments	-	-	5,784	-	2,647	-	-	4,057	12,488
Cash payments made during the year (GST inclusive)	-	-	(1,855)	-	(1,376)	-	-	(723)	(3,954)
Appropriations credited to Special Accounts (GST exclusive)	-	-	-	-	-	-	-	-	-
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Other Than Ordinary Annual Services Appropriations	-	-	3,929	-	1,271	-	-	3,334	8,534
Represented by:									
Departmental appropriation receivable	-	-	-	-	1,271	-	-	-	1,271
Undrawn, unapplied administered appropriations	-	-	3,929	-	-	-	-	3,334	7,263
Total	-	-	3,929	-	1,271	-	-	3,334	8,534

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NOTE 25G: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriation (Unlimited Amount)

Financial Management and Accountability Act 1997, section 21 and Telecommunications (Consumer Protection and Service Standards) Act 1999, Section 158ZO of the Act provides that the responsible Ministers may authorise the investment of money standing to the credit of the Communications Fund Special Account in any 'financial asset'. Nature: Administered	DCITA		DBCDE			
	Outcome 3		Outcome 1			
	01-Jul-07 to 02-Dec-07	\$'000	03-Dec-07 to 30-Jun-08	\$'000	2008	2007
Cash payments made during the year		11,156,338		5,377,365	16,533,703	30,374,144
Appropriations credited to Special Accounts		-		-	-	-
Refunds credited (net) (FMA Act Section 30)		-		-	-	-
Total charged to appropriation		11,156,338		5,377,365	16,533,703	30,374,144
Estimated actual		-		-	-	-

Financial Management and Accountability Act 1997, section 21 and Telecommunications (Consumer Protection and Service Standards) Act 1999, Section 158ZP of the Act provides for debiting of expenses to the Communications Fund Special Account. Nature: Administered	DCITA		DBCDE			
	Outcome 3		Outcome 1			
	01-Jul-07 to 02-Dec-07	\$'000	03-Dec-07 to 30-Jun-08	\$'000	2008	2007
Cash payments made during the year		-		159	159	192
Appropriations credited to Special Accounts		-		-	-	-
Refunds credited (net) (FMA Act Section 30)		-		-	-	-
Total charged to appropriation		-		159	159	192
Estimated actual		-		-	-	-

Observations made in an ANAO Performance Audit on the Establishment and Management of the Communications Fund identified that whilst the Department had disclosed in aggregate the use of the Special Appropriations contained in sections 158ZO, 158ZP and 158ZQ, it had not been separately disclosed in Special Appropriation tables as required by the Finance Minister's Orders.

In the current and prior year the Department has not used the following administered Special Appropriations (Unlimited Amount):

- S39 of the Financial Management and Accountability Act 1997 for the investment of public money;
- S8BA(3) of the Telstra Corporation Act 1991 for the payment of compensation—constitutional safety net;
- S5(5) of the AUSSAT Repeal Act 1991 for the payment of money to AUSSAT; and
- S158ZQ of the Telecommunications (Consumer Protection and Service Standards) Act 1999 for the purchases of derivatives for the Communications Fund.

NOTE 25H: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriation (Limited Amount)

Appropriation (Supplementary Measures) Act (No.1) 1999, section 3 ¹	Administered		
	01-Jul-07 to 02-Dec-07 \$'000	03-Dec-07 to 30-Jun-08 \$'000	2007 \$'000
Purpose: For payment of book industry assistance			
Nature: Administered			
Amount available carried from previous period	1	-	1
Other receipts ²	-	1	-
Appropriation for reporting period	-	-	-
Appropriations to take account of recoverable GST (FMA Act s30A)	-	-	-
Available for payments	1	1	1
Other adjustments ²	(1)	-	-
Cash payments made during the year (GST inclusive)	-	-	-
Amount available carried to the next period	-	1	1
Represented by:			
Cash	-	-	-
Departmental appropriation receivable	-	-	-
Undrawn, unapplied administered appropriations	-	1	1
Total	-	1	1

¹ The Appropriation (Supplementary Measures) Act No.1 1999 appropriation is split between the Department of Industry, Tourism and Resources, the Department of Education, Science and Technology and the Department of Communications, Information Technology and the Arts. The apportionment of the Special Appropriation between the entities was assigned on a letter from the Prime Minister dated 18 August 1999.

² The Special Appropriation (Limited Amount) balance was transferred from the Department of Communications, Information Technology and the Arts to the Department of Broadband, Communications and the Digital Economy following the Administrative Arrangements Order of 3 December 2007.

Department of Broadband, Communications and the Digital Economy
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NOTE 25: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriation (Refund Provisions)

Financial Management and Accountability Act 1997, section 28(2)			
Purpose: To provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Commonwealth and apart from this section there is no specific appropriation for the repayment	01-Jul-07 to 02-Dec-07 \$'000	03-Dec-07 to 30-Jun-08 \$'000	2007 ¹ 2008 \$'000
Nature : Administered			
Cash payments made during the year	1	-	1
Appropriations credited to special accounts	-	-	-
Refunds received (net) (FMA Act Section 30)	-	-	-
Total charged to special appropriations	1	-	1
Budget estimate (FMA Act section 28)	1	-	1

¹ The Department did not disclose previous year repayments of \$9,563.03 under Special Appropriation (Refund Provisions) section 28 of the FMA Act in its 2006-07 Financial Statements.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the period ended 30 June 2008

NOTE 26: Special Accounts

NOTE 26: Table A: Special Accounts

Standing Committee on Recreation and Sport Consultant Account				
Legal Authority: <i>Financial Management and Accountability Act 1997</i> , section 20.				
Purpose: For the expenditure on pilot studies, specialist technical advice and programs and projects initiated by the Sport and Recreation Ministers Council and its subordinate body, the Standing Committee on Recreation and Sport, the cost of which will be jointly met by the Commonwealth, State and Territories.				
Nature: Departmental				
	01-Jul-07 to 02-Dec-07 \$'000	03-Dec-07 to 30-Jun-08 \$'000	2008 \$'000	2007 \$'000
Balance brought forward from previous period	-	-	-	430
Appropriation for reporting period	-	-	-	-
Credit from other Special Accounts	-	-	-	-
GST credits (FMA Act section 30A)	-	-	-	33
Realised investments	-	-	-	-
Other receipts	-	-	-	166
Total credits	-	-	-	629
Payments made to suppliers - related entities	-	-	-	(258)
Payments made to suppliers - external entities	-	-	-	(109)
Debit to Special Account ¹	-	-	-	(262)
Investments debited from the Special Account (FMA Act section 39)	-	-	-	-
Total debits	-	-	-	(629)
Balance carried to next period	-	-	-	-
Represented by:				
Cash transferred to the Official Public Account	-	-	-	-
Cash in Departmental bank account	-	-	-	-
GST receivable/(payable) to ATO	-	-	-	-
Total balance carried to the next period	-	-	-	-

¹ Standing Committee on Recreation and Sport Consultant Account was abolished on 30 November 2006. The balance of funds was transferred to the Sport and Recreation Account.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

NOTE 26: Table A: Special Accounts (continued)

Cultural Ministers Council Account					
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>					
<i>Purpose: For the expenditure on conducting activities of the working parties initiated by the Cultural Minister's Council (established 1 December 2005).</i>					
<i>Nature: Departmental</i>					
	01-Jul-07 to 02-Dec-07 \$'000	03-Dec-07 to 30-Jun-08 \$'000	2008 \$'000	2007 \$'000	
Balance brought forward from previous period	478	-	478	515	
Appropriation for reporting period	-	-	-	-	
Other Credited from other Special Accounts	-	-	-	-	
GST credits (FMA Act section 30A)	12	-	12	71	
Realised Investments	-	-	-	-	
Other receipts	196	-	196	736	
Total credits	686	-	686	1,322	
Payments made to employees	(17)	-	(17)	(61)	
Payments made for grants	(105)	-	(105)	(760)	
Payments made to suppliers - related entities	(6)	-	(6)	-	
Payments made to suppliers - external entities	(12)	-	(12)	(23)	
Debit to special account ¹	(546)	-	(546)	-	
Investments debited from the Special Account (FMA Act section 39)	-	-	-	-	
Total debits	(686)	-	(686)	(844)	
Balance carried to next period	-	-	-	478	
Represented by:					
Cash transferred to the Official Public Account	-	-	-	-	
Cash in Departmental bank account	-	-	-	478	
GST receivable/(payable) to ATO	-	-	-	-	
Total balance carried to the next period	-	-	-	478	

¹ As a consequence of the Administrative Arrangements Order of 3 December 2007, this special account transferred to the Department of the Environment, Water, Heritage and the Arts.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

NOTE 26: Table A: Special Accounts (continued)

National Collections Account				
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>				
<i>Purpose: For the expenditure on conducting projects, programs and strategies associated with the future directions, needs and priorities of the collections sector (established 1 December 2005).</i>				
<i>Nature: Departmental</i>				
	01-Jul-07 to 02-Dec-07 \$'000	03-Dec-07 to 30-Jun-08 \$'000	2008 \$'000	2007 \$'000
Balance brought forward from previous period	288	-	288	526
Appropriation for reporting period	-	-	-	-
Other Credited from other Special Accounts	-	-	-	-
GST credits (FMA Act section 30A)	49	-	49	78
Realised investments	-	-	-	-
Other receipts	540	-	540	540
Total credits	877	-	877	1,144
Payments made for grants	(320)	-	(320)	(326)
Payments made to suppliers - related entities	-	-	-	-
Payments made to suppliers - external entities	(220)	-	(220)	(530)
Debit to Special Account ¹	(337)	-	(337)	-
Investments debited from the Special Account (FMA Act section 39)	-	-	-	-
Total debits	(877)	-	(877)	(856)
Balance carried to next period	-	-	-	288
Represented by:				
Cash transferred to the Official Public Account	-	-	-	-
Cash in Departmental bank account	-	-	-	288
GST Receivable/(Payable) to ATO	-	-	-	-
Total balance carried to the next period	-	-	-	288

¹ As a consequence of the Administrative Arrangements Order of 3 December 2007, this special account transferred to the Department of the Environment, Water, Heritage and the Arts.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

NOTE 26: Table A: Special Accounts (continued)

International Aid Account				
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>				
<i>Purpose: For the expenditure on conducting activities in the Asia-Pacific region that assists countries to liberalise their communications markets, including, but not limited to: telecommunications liberalisation, regulatory development, capacity building, e-commerce development and security (established 1 December 2005).</i>				
<i>Nature: Departmental</i>				
	01-Jul-07 to 02-Dec-07 \$'000	03-Dec-07 to 30-Jun-08 \$'000	2008 \$'000	2007 \$'000
Balance brought forward from previous period	165	-	165	6
Appropriation for reporting period	-	-	-	-
Other Credited from other Special Accounts	-	-	-	-
GST credits (FMA Act section 30A)	-	8	8	-
Realised investments	-	-	-	-
Other receipts	-	145	-	159
Total credits	165	153	173	165
Payments made to suppliers - related entities	-	-	-	-
Payments made to suppliers - external entities	(20)	(83)	(103)	-
Debit to Special Account ¹	(145)	-	-	-
Investments debited from the Special Account (FMA Act section 39)	-	-	-	-
Total debits	(165)	(83)	(103)	-
Balance carried to next period	-	70	70	165
Represented by:				
Cash transferred to the Official Public Account	-	-	-	-
Cash in Departmental bank account	-	70	70	165
GST receivable/(payable) to ATO	-	-	-	-
Total balance carried to the next period	-	70	70	165

¹ The International Aid Special Account was transferred from the Department of Communications, Information Technology and the Arts to the Department of Broadband, Communications and the Digital Economy following the Administrative Arrangements Order of 3 December 2007.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

NOTE 26: Table A: Special Accounts (continued)

National Portrait Gallery Account				
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>				
<i>Purpose: For the expenditure on acquisition of works of art, organising activities and mounting exhibitions for the National Portrait Gallery (NPG) and Assisting with NPG Circle of Friends events (established 1 December 2005).</i>				
<i>Nature: Departmental</i>				
	01-Jul-07 to 02-Dec-07 \$'000	03-Dec-07 to 30-Jun-08 \$'000	2008 \$'000	2007 \$'000
Balance brought forward from previous period	3,469	-	3,469	2,001
Appropriation for reporting period	38	-	38	151
Other receipts - interest	-	-	-	-
Other Credited from other Special Accounts	-	-	-	-
GST credits (FMA Act section 30A)	12	-	12	21
Realised investments	-	-	-	-
Other receipts	96	-	96	1,672
Total credits	3,615	-	3,615	3,845
Payments made to suppliers - related entities	-	-	-	-
Payments made to suppliers - external entities	(225)	-	(225)	(376)
Debit to Special Account ¹	(3,390)	-	(3,390)	-
Investments debited from the Special Account (FMA Act section 39)	-	-	-	-
Total debits	(3,615)	-	(3,615)	(376)
Balance carried to next period	-	-	-	3,469
Represented by:				
Cash transferred to the Official Public Account	-	-	-	-
Cash in Departmental bank account	-	-	-	3,466
GST receivable/(payable) to ATO	-	-	-	3
Total balance carried to the next period	-	-	-	3,469

¹ As a consequence of the Administrative Arrangements Order of 3 December 2007, this special account transferred to the Department of the Environment, Water, Heritage and the Arts.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

NOTE 26: Table A: Special Accounts (continued)

Return of Indigenous Cultural Property Account				
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>				
<i>Purpose: For the expenditure on developing and conducting programs and strategies associated with the repatriation of Indigenous cultural material, on behalf of the Cultural Ministers Council (established 1 December 2005).</i>				
<i>Nature: Departmental</i>				
	01-Jul-07 to 02-Dec-07 \$'000	03-Dec-07 to 30-Jun-08 \$'000	2008 \$'000	2007 \$'000
Balance brought forward from previous period	409	-	409	596
Appropriation for reporting period	850	-	850	-
Other Credited from other Special Accounts	-	-	-	-
GST credits (FMA Act section 30A)	12	-	12	17
Realised investments	-	-	-	-
Other receipts	-	-	-	45
Total credits	1,271	-	1,271	658
Payments made to employees	-	-	-	(56)
Payments made for grants	-	-	-	(176)
Payments made to suppliers - related entities	-	-	-	-
Payments made to suppliers - external entities	(135)	-	(135)	(17)
Debit to Special Account ¹	(1,136)	-	(1,136)	-
Investments debited from the Special Account (FMA Act section 39)	-	-	-	-
Total debits	(1,271)	-	(1,271)	(249)
Balance carried to next period	-	-	-	409
Represented by:				
Cash transferred to the Official Public Account	-	-	-	-
Cash in Departmental bank account	-	-	-	409
GST receivable/(payable) to ATO	-	-	-	-
Total balance carried to the next period	-	-	-	409

¹ As a consequence of the Administrative Arrangements Order of 3 December 2007, this special account transferred to the Department of the Environment, Water, Heritage and the Arts.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

NOTE 26: Table A: Special Accounts (continued)

Artbank Business Operations Account				
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>				
<i>Purpose: For payment on program and operations of Artbank.</i>				
<i>Nature: Departmental</i>				
	01-Jul-07 to 02-Dec-07 \$'000	03-Dec-07 to 30-Jun-08 \$'000	2008 \$'000	2007 \$'000
Balance brought forward from previous period	-	-	-	2,021
Correction of prior year errors	-	-	-	(4)
Sales of goods and services - related entities	-	-	-	562
Sales of goods and services - external entities	-	-	-	687
Other receipts	-	-	-	-
Other Credited from other Special Accounts	-	-	-	-
GST credits (FMA Act section 30A)	-	-	-	55
Realised investments	-	-	-	-
Total credits	-	-	-	3,321
Payments made to employees	-	-	-	(579)
Payments made to suppliers - related entities	-	-	-	(23)
Payments made to suppliers - external entities	-	-	-	(594)
Debit to Special Account ¹	-	-	-	(2,125)
Investments debited from the Special Account (FMA Act section 39)	-	-	-	-
Total debits	-	-	-	(3,321)
Balance carried to next period	-	-	-	-
Represented by:				
Cash transferred to the Official Public Account	-	-	-	-
Cash in Departmental bank account	-	-	-	-
GST receivable/(payable) to ATO	-	-	-	-
Total balance carried to the next period	-	-	-	-

¹ Artbank Business Operations Account was abolished on 30 November 2006. The balance of funds was transferred to the Art Rental Special Account.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

NOTE 26: Table A: Special Accounts (continued)

Art Rental Special Account					
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>					
<i>Purpose: To acquire, deaccession, lease, promote, develop, exhibit, lend, conserve and undertake any other activities in relation to managing an art rental collection for the Commonwealth (established 17 August 2006).</i>					
<i>Nature: Departmental</i>					
	01-Jul-07 to 02-Dec-07 \$'000	03-Dec-07 to 30-Jun-08 \$'000	2008 \$'000	2007 \$'000	
Balance brought forward from previous period	1,886	-	1,886	-	-
Other Credited from other Special Accounts	-	-	-	2,125	-
Sales of goods and services - related entities	-	-	-	772	-
Sales of goods and services - external entities	1,437	-	1,437	801	-
Other receipts	32	-	32	27	-
GST credits (FMA Act section 30A)	99	-	99	109	-
Realised investments	-	-	-	-	-
Total credits	3,454	-	3,454	3,834	-
Payments made to employees	(500)	-	(500)	(674)	-
Payments made for grants	-	-	-	-	-
Payments made to suppliers - related entities	-	-	-	(24)	-
Payments made to suppliers - external entities	(1,215)	-	(1,215)	(1,250)	-
Debit to Special Account ¹	(1,739)	-	(1,739)	-	-
Investments debited from the Special Account (FMA Act section 39)	-	-	-	-	-
Total debits	(3,454)	-	(3,454)	(1,948)	-
Balance carried to next period	-	-	-	1,886	-
Represented by:					
Cash transferred to the Official Public Account	-	-	-	-	-
Cash in Departmental bank account	-	-	-	-	1,898
GST Receivable/Payable to ATO	-	-	-	-	(12)
Total balance carried to the next period	-	-	-	1,886	-

¹ As a consequence of the Administrative Arrangements Order of 3 December 2007, this special account transferred to the Department of the Environment, Water, Heritage and the Arts.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

NOTE 26: Table A: Special Accounts (continued)

Sport and Recreation Account				
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>				
<i>Purpose: To undertake sport and recreation related projects of common interest to the Sport and Recreation Ministers' Council, its successor or subordinate bodies, and that benefit all or a majority of members (established 17 August 2006).</i>				
<i>Nature: Departmental</i>				
	01-Jul-07 to 02-Dec-07 \$'000	03-Dec-07 to 30-Jun-08 \$'000	2008 \$'000	2007 \$'000
Balance brought forward from previous period	340	-	340	-
Appropriation for reporting period	-	-	-	-
Other Credited from other Special Accounts	-	-	-	262
GST credits (FMA Act section 30A)	-	-	-	23
Realised investments	-	-	-	-
Other receipts	312	-	312	309
Total credits	652	-	652	594
Payments made to employees	-	-	-	-
Payments made for grants	-	-	-	-
Payments made to suppliers - related entities	-	-	-	(253)
Payments made to suppliers - external entities	-	-	-	(1)
Debit to Special Account ¹	(652)	-	(652)	-
Investments debited from the Special Account (FMA Act section 39)	-	-	-	-
Total debits	(652)	-	(652)	(254)
Balance carried to next period	-	-	-	340
Represented by:				
Cash transferred to the Official Public Account	-	-	-	-
Cash in Departmental bank account	-	-	-	340
GST receivable/(payable) to ATO	-	-	-	-
Total balance carried to the next period	-	-	-	340

¹ As a consequence of the Administrative Arrangements Order of 3 December 2007, this special account transferred to the Department of Health and Ageing.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

NOTE 26: Table A: Special Accounts (continued)

Other Trust Monies Account					
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>					
<i>Purpose: For expenditure of monies temporarily held on trust or otherwise for the benefit of another person other than the Commonwealth.</i>					
	01-Jul-07 to 02-Dec-07 \$'000	03-Dec-07 to 30-Jun-08 \$'000	2008 \$'000	2007 \$'000	
Balance brought forward from previous period	116	1	116	23	
Appropriation for reporting period	-	-	-	-	
Credit from other Special Accounts	-	-	-	-	
GST credits (FMA Act section 30A)	-	-	-	-	
Other receipts	1	-	1	176	
Total credits	117	1	117	199	
Payments made	(116)	-	(116)	(83)	
Total debits	(116)	-	(116)	(83)	
Balance carried to next period	1	1	1	116	
Represented by:					
Cash transferred to the Official Public Account	-	-	-	-	
Cash in Departmental bank account	1	1	1	116	
GST receivable/(payable) to the ATO	-	-	-	-	
Total balance carried to the next period	1	1	1	116	

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

NOTE 26: Table A: Special Accounts (continued)

Federation Fund Account				
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>				
<i>Purpose: For the expenditure on substantial capital projects throughout Australia which will mark the Centenary of Federation and make a significant and lasting contribution to the Australian community.</i>				
<i>Nature: Administered</i>				
	01-Jul-07 to 02-Dec-07 \$'000	03-Dec-07 to 30-Jun-08 \$'000	2008 \$'000	2007 \$'000
Balance brought forward from previous period	-	-	-	11,168
GST credits (FMA Act section 30A)	-	-	-	-
Realised investments	-	-	-	-
Other receipts	-	-	-	-
Total credits	-	-	-	11,168
Other adjustments ¹	-	-	-	(11,168)
Payments made for grants	-	-	-	-
Investments debited from the Special Account (FMA Act section 39)	-	-	-	-
Total debits	-	-	-	(11,168)
Balance carried to next period	-	-	-	-
Represented by:				
Cash transferred to the Official Public Account	-	-	-	-
Total balance carried to the next period	-	-	-	-

¹ The Federation Fund Special Account was closed on 30 November 2006 and the balance was transferred to Federation Fund - Department of Communications, Information Technology and the Arts Account.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

NOTE 26: Table A: Special Accounts (continued)

Federation Fund - Department of Communications, Information Technology and the Arts Account					
<i>Legal Authority: Financial Management and Accountability Act 1997, section 20.</i>					
<i>Purpose: For the expenditure on substantial capital projects throughout Australia which will mark the Centenary of Federation and make a significant and lasting contribution to the Australian community (established 17 August 2006).</i>					
<i>Nature: Administered</i>					
	01-Jul-07 to 02-Dec-07 \$'000	03-Dec-07 to 30-Jun-08 \$'000	2008 \$'000	2007 \$'000	
Credited from other Special Accounts	1,806	-	-	-	11,168
GST credits (FMA Act section 30A)	-	-	-	-	-
Realised investments	-	-	-	-	-
Other receipts ¹	-	1,806	1,806	-	-
Total credits	1,806	1,806	1,806		11,168
Payments made for grants	-	-	-	-	-
Other adjustments ²	(1,806)	(1,806)	(1,806)	(9,362)	-
Investments debited from the Special Account (FMA Act section 39)	-	-	-	-	-
Total debits	(1,806)	(1,806)	(1,806)	(9,362)	
Balance carried to next period	-	-	-	1,806	
Represented by:					
Cash transferred to the Official Public Account	-	-	-	-	1,806
Total balance carried to the next period	-	-	-	1,806	

¹ The Federation Fund Special Account was transferred from the Department of Communications, Information Technology and the Arts to the Department of Broadband, Communications and the Digital Economy following the Administrative Arrangements Order of 3 December 2007.

² The purpose of this Special Account is considered to be fulfilled. The balance of the Special Account was returned to Official Public Account (OPA) on 6 June 2008 under subsection 26(c) of the FMA Act.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

NOTE 26: Table A: Special Accounts (continued)

National Relay Service Account				
<i>Legal Authority: Telecommunications (Consumer Protection and Services Standards) Act 1995, section 102, Financial Management and Accountability Act 1997, section 21.</i>				
<i>Purpose: Provision of telephone services to the hearing impaired.</i>				
<i>Nature: Administered</i>				
	01-Jul-07 to 02-Dec-07 \$'000	03-Dec-07 to 30-Jun-08 \$'000	2008 \$'000	2007 \$'000
Balance brought forward from previous period	-	-	-	4
GST credits (FMA Act section 30A)	-	-	-	-
Realised investments	-	-	-	-
Other receipts - levy on communications carriers	-	-	-	14
Total credits	-	-	-	18
Payments made to National Relay Service provider	-	-	-	(13)
Repayments debited from the Special Account (FMA s28)	-	-	-	-
Other adjustments ¹	-	-	-	(5)
Investments debited from the Special Account (FMA Act section 39)	-	-	-	-
Total debits	-	-	-	(18)
Balance carried to next period	-	-	-	-
Represented by:				
Cash transferred to the Official Public Account	-	-	-	-
Total balance carried to the next period	-	-	-	-

¹ The National Relay Service Special Account was transferred to the Australian Communications and Media Authority on 1 August 2006.

Department of Broadband, Communications and the Digital Economy
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

NOTE 26: Table A: Special Accounts (continued)

Communications Fund Account				
<i>Legal Authority: Financial Management and Accountability Act 1997, section 21 and Telecommunications (Consumer Protection and Service Standards) Act 1999 section 158ZH, 158ZO, Purpose: To fund recommendations arising from reviews of the adequacy of telecommunications services in regional, rural and remote parts of Australia.</i>				
<i>Nature: Administered</i>				
	01-Jul-07 to 02-Dec-07 \$'000	03-Dec-07 to 30-Jun-08 \$'000	2008 \$'000	2007 \$'000
Balance brought forward from previous period	-	-	-	-
Appropriation for reporting period	-	-	-	-
Realisation of investments credited to the Fund - S158ZP (5)	2,215,986	2,260,440	2,215,986	2,084,595
Interest credited to the Fund - S158ZP(1) of the Telecommunications (Consumer Protection and Service Standards) Act 1999	44,454	96,139	140,593	131,583
Total credits	2,260,440	2,356,579	2,356,579	2,216,178
Investments debited from the Special Account - S158ZO of the Telecommunications (Consumer Protection and Service Standards) Act 1999	(2,260,440)	(2,356,420)	(2,356,420)	(2,215,986)
Acquisition of derivatives debited from the Fund - S158ZQ	-	-	-	-
Payments made for expenses of investments - S158ZP	-	(159)	(159)	(192)
Total debits¹	(2,260,440)	(2,356,579)	(2,356,579)	(2,216,178)
Balance carried to next period	-	-	-	-
Represented by:				
Cash transferred to the Official Public Account	-	-	-	-
Total balance carried to the next period	-	-	-	-
Balance of investments	2,260,440	2,356,420	2,356,420	2,215,986

¹ The Communications Fund Account was transferred from the Department of Communications, Information Technology and the Arts to the Department of Broadband, Communications and the Digital Economy following the Administrative Arrangements Order of 3 December 2007.

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NOTE 26: Table B: Special Accounts Investment of Public Money

Communications Fund Investment of Public Money under section 158ZH, 158ZO, 158ZP <i>Telecommunications (Consumer Protection and Service Standards) Act 1999.</i>	01-Jul-07 to 02-Dec-07	03-Dec-07 to 30-Jun-08	2008	2007
	\$'000	\$'000	\$'000	\$'000
Opening Balance	2,215,986	2,260,440	2,215,986	2,084,595
Investments made ¹				
- From Special Account	11,156,337	5,377,524	16,533,861	30,374,336
- Other	-	-	-	-
Investment income	44,454	96,139	140,593	131,583
Transactional charges	-	(159)	(159)	(192)
Investments realised ²	(11,156,337)	(5,377,524)	(16,533,861)	(30,374,336)
Closing Balance	2,260,440	2,356,420	2,356,420	2,215,986

¹ Investments made during the year and investments realised represent the gross proceeds from the maturity and reinvestment of the term deposit.

² Observations made in an ANAO Performance Audit on the Establishment and Management of the Communications Fund identified that in the 2006-07 Annual Financial Statements the Department disclosed the market value (\$2,217,885,000) of the investments rather than the cash value (\$2,215,986,000), a discrepancy of \$1,899,000. Comparatives have been updated to reflect the correct value.

Communications Fund Investment Policy:

The Government has authorised, through the Communications Fund Special Account Investment Authorisation (No.1 of 2007), the Australian Office of Financial Management (AOFM) to make and realise investments on behalf of the Fund. The exercise of this authority is in accordance with the following instructions:

- Investment will only be made in Australian dollar denominated debt instrument and bank deposits;
- The Fund will typically be a buy and hold investor;
- The Fund will have a relatively high level of liquidity;
- Investments will be in basic low risk instruments, with diversification of credit exposures sought where possible; and
- The Fund will maintain a credit rating of AA+ as set by Standard and Poor's.

In the 2008-09 Budget, the Government announced that the Communications Fund would close during the year and its assets would be transferred to the Building Australia Fund, which will be managed by the Future Fund Board of Guardians.

NOTE 27: Assets Held in Trust

Purpose - This account holds:

- 2008: receipts identified as requiring reimbursement to a third party;
- 2007: monies advanced to the Department of Communications, Information Technology and the Arts by Comcare for the purpose of distributing compensation payments made in accordance with the *Safety Rehabilitation and Compensation Act 1998*. Where the Department of Communications, Information Technology and the Arts made payments against accrued sick leave entitlements pending determination of an employee's claim, permission was obtained in writing from each individual to allow the Department of Communications, Information Technology and the Arts to recover the payments from the monies in the account.

	2008 \$'000	2007 \$'000
Balance carried forward from previous year	116	23
Receipts during the year	1	176
Available for payments	117	199
Payments made	(116)	(83)
Balance carried forward to next year held by the entity	1	116

The monies held in this account are also disclosed in Note 26 "Other Trust Monies Account".

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Note 28: Compensation and Debt Relief

	1-Jul-07 to 2-Dec-07 \$'000	3-Dec-07 to 30-Jun-08 \$'000	2008 \$'000	2007 \$'000
Administered				
No 'Act of Grace' expenses were incurred during the reporting period. (2007: No expenses).	-	-	-	-
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> . (2007: No waivers)	-	-	-	-
No ex-gratia payments were provided for during the reporting period. (2007: No payments)	-	-	-	-

Departmental

No 'Act of Grace' payments were made during the reporting period. (2007: No payments made)	-	-	-	-
No payments were made under s73 of the <i>Public Service Act 1999</i> during the reporting period. (2007: No payments made)	-	-	-	-
No waivers of amounts owing to the Australian Government were made in pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> . (2007: No waivers)	-	-	-	-
No 'ex-gratia' payments were made during the reporting period. (2007: No payments made)	-	-	-	-
No payments were made under the 'Compensation for Detriment caused by Defective Administration (CDDA) Scheme' during the reporting period. (2007: No payments made)	-	-	-	-

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NOTE 29: Reporting of Outcomes

The Department uses a costing system to determine the attribution of its shared items (overheads) to Outcomes and Outputs. This system is largely based on the use of actual average staffing levels (ASLs) month by month. The basis of attribution in the 'Reporting of Outcomes' tables is consistent with the basis used for the 2007-08 Budget.

Note 29A: Net Cost of Outcome Delivery for 1 July to 2 December 2007*

Department of Communications, Information Technology and the Arts						
Total Outcomes						
Expenses	Outcome 1		Outcome 2		Outcome 3	
	2008	2008	2008	2008	2008	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered	84,753		56,977		84,472	226,202
Departmental	23,902		2,524		41,298	67,724
Total expenses	108,655		59,501		125,770	293,926
Costs recovered from provision of goods and services to the non-Government sector						
Administered	-		-		-	-
Departmental	-		-		-	-
Total costs recovered	-		-		-	-
Other external revenues						
Administered						
Interest	1		-		62,072	62,073
Dividend from Australian Government entities	-		-		158,300	158,300
Industry levies	-		-		-	-
Net gains on sale of assets	-		-		-	-
Grant and subsidy refunds	448		178		555	1,181
Refunds from prior year insurance premiums	-		-		-	-
Other sources	2		-		186	188
Total Administered	451		178		221,113	221,742
Departmental						
Goods and services revenue from related entities	490		132		24	646
Interest on cash deposits	-		-		-	-
Other	2,748		431		79	3,258
Total Departmental	3,238		563		103	3,904
Total other external revenues	3,689		741		221,216	225,646
Net cost/(contribution) of outcome	104,966		58,760		(95,446)	68,280

The Department of Communications, Information Technology and the Arts was abolished by the Administrative Arrangements Order of 3 December 2007. DCITA's Outcomes are described at item 1.2 of Note 1. Net costs shown include intra-Government costs that are eliminated in calculating the actual Budget Outcome.

* Comparative amounts are contained in Table 29C

Department of Broadband, Communications and the Digital Economy
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Note 29B: Net Cost of Outcome Delivery for period 3 December 2007 to 30 June 2008*

	Department of Broadband, Communications and the Digital Economy Total Outcomes	
	Outcome 1 2008 \$'000	Total 2008 \$'000
Expenses		
Administered	132,635	132,635
Departmental	60,578	60,578
Total expenses	193,213	193,213
Costs recovered from provision of goods and services to the non-Government sector		
Administered	-	-
Departmental	-	-
Total costs recovered	-	-
Other external revenues		
Administered		
Interest	101,225	101,225
Dividend from Australian Government entities	148,000	148,000
Industry levies	-	-
Net gains on sale of assets	-	-
Grant and subsidy refunds	5,925	5,925
Refunds from prior year insurance premiums	-	-
Other sources	204	204
Total Administered	255,354	255,354
Departmental		
Goods and services revenue from related entities	339	339
Interest on cash deposits	-	-
Other	760	760
Total Departmental	1,099	1,099
Total other external revenues	256,453	256,453
Net cost/(contribution) of outcome	(63,240)	(63,240)

The Department of Communications, Information Technology and the Arts was abolished by the Administrative Arrangements Order of 3 December 2007. DCITA's Outcomes are described at item 1.1 of Note 1. Net costs shown include intra-Government costs that are eliminated in calculating the actual Budget Outcome.

* Comparative amounts are contained in Table 29C

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Note 29C: Net Cost of Outcome Delivery for the period 1 July 2006 to 30 June 2007

	Outcome 1		Outcome 2		Outcome 3		Total	
	2007	\$'000	2007	\$'000	2007	\$'000	2007	\$'000
Total Outcomes								
Expenses								
Administered	174,744		32,336		264,664		471,744	
Departmental	50,985		5,913		73,483		130,381	
Total expenses	225,729		38,249		338,147		602,125	
Costs recovered from provision of goods and services to the non-Government sector								
Administered	-		-		-		-	
Departmental	-		-		-		-	
Total costs recovered	-		-		-		-	
Other external revenues								
Administered								
Interest	-		-		131,837		131,837	
Dividend from Australian Government entities	-		-		1,181,869		1,181,869	
Industry levies	-		-		3,710		3,710	
Net gains on sale of assets	-		-		16,778,795		16,778,795	
Grant and subsidy refunds	1,218		646		303		2,167	
Refunds from prior year insurance premiums	677		-		-		677	
Other sources	-		-		4		4	
Total Administered	1,895		646		18,096,518		18,099,059	
Departmental								
Goods and services revenue from related entities	1,235		6		24		1,265	
Interest on cash deposits	-		-		-		-	
Other	6,929		487		512		7,928	
Total Departmental	8,164		493		536		9,193	
Total other external revenues	10,059		1,139		18,097,054		18,108,252	
Net cost/(contribution) of outcome	215,670		37,110		(17,758,907)		(17,506,127)	

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Note 29D: Major classes of Departmental Revenues and Expenses by Output Group - 1 July to 2 December 2007*

Department of Communications, Information Technology and the Arts	Output 1.1	Outcome 1	Output 2.1	Outcome 2	Output 3.1	Outcome 3	Total Outcome
	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000
Departmental expenses							
Employees	13,518	13,518	1,567	1,567	19,911	19,911	34,996
Suppliers	9,118	9,118	919	919	20,418	20,418	30,455
Depreciation and amortisation	726	726	36	36	913	913	1,675
Grants	509	509	-	-	10	10	519
Other expenses	30	30	2	2	47	47	79
Total departmental expenses	23,901	23,901	2,524	2,524	41,299	41,299	67,724
Funded by:							
Revenues from Government	23,481	23,481	2,284	2,284	33,986	33,986	59,751
Sales of goods and services	262	262	-	-	-	-	262
Other non-taxation revenues	2,976	2,976	563	563	103	103	3,642
Total departmental revenues	26,719	26,719	2,847	2,847	34,089	34,089	63,655

* Comparative amounts are contained in Table 29F and 29G

Note 29E: Major classes of Departmental Revenues and Expenses by Output Group - 3 December to 30 June 2008*

Department of Broadband, Communications and the Digital Economy	Output 1.1	Outcome 1	Total Outcome
	2008 \$'000	2008 \$'000	2008 \$'000
Departmental expenses			
Employees	34,632	34,632	34,632
Suppliers	23,290	23,290	23,290
Depreciation and amortisation	2,511	2,511	2,511
Grants	-	-	-
Other expenses	145	145	145
Total departmental expenses	60,578	60,578	60,578
Funded by:			
Revenues from Government	51,463	51,463	51,463
Sales of goods and services	65	65	65
Other non-taxation revenues	1,034	1,034	1,034
Total departmental revenues	52,562	52,562	52,562

* Comparative amounts are contained in Table 29F and 29G

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Note 29F: Major classes of Departmental Revenues and Expenses by Output Group: Outcome 1 - 1 July 2006 to 9 April 2007

There were changes to the Output structure of DCITA in the 2006-07 year. As a result, from 10 April 2007 DCITA's activities were identified under three Outputs, one for each Outcome. The information on outputs reported below is separated into two sections: 1 July 2006 to 9 April 2007 and 10 April 2007 to 30 June 2007.

Department of Communications, Information Technology and the Arts	Output Group 1.1	Output Group 1.2	Outcome 1 Total
	2007 \$'000	2007 \$'000	2007 \$'000
Departmental expenses			
Employees	13,227	7,966	21,193
Suppliers	6,805	6,134	12,939
Depreciation and amortisation	645	535	1,180
Grants	666	-	666
Other expenses	11	11	22
Total departmental expenses	21,354	14,646	36,000
Funded by:			
Revenues from Government	20,252	14,613	34,865
Sales of goods and services	2,057	308	2,365
Other non-taxation revenues	1,658	1,377	3,035
Total departmental revenues	23,967	16,298	40,265

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Note 29F: Major classes of Departmental Revenues and Expenses by Output Group: Outcome 2 - 1 July 2006 to 9 April 2007

Department of Communications, Information Technology and the Arts	Output Group 2.1	Outcome 2 Total
	2007 \$'000	2007 \$'000
Departmental expenses		
Employees	2,602	2,602
Suppliers	1,733	1,733
Depreciation and amortisation	63	63
Grants	-	-
Other expenses	1	1
Total departmental expenses	4,399	4,399
Funded by:		
Revenues from Government	4,342	4,342
Sales of goods and services	1	1
Other non-taxation revenues	494	494
Total departmental revenues	4,837	4,837

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Note 29F: Major classes of Departmental Revenues and Expenses by Output Group: Outcome 3 - 1 July 2006 to 9 April 2007

Department of Communications, Information Technology and the Arts	Output Group 3.1	Output Group 3.2	Output Group 3.3
	2007 \$'000	2007 \$'000	2007 \$'000
Departmental expenses			
Employees	18,010	7,037	4,173
Suppliers	8,608	2,860	1,577
Depreciation and amortisation	1,059	254	190
Grants	5	-	-
Other expenses	119	6	11
Total departmental expenses	27,801	10,157	5,951
Funded by:			
Revenues from Government	30,459	14,223	6,063
Sales of goods and services	19	5	7
Other non-taxation revenues	144	48	31
Total departmental revenues	30,622	14,276	6,101

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Note 29F: Major classes of Departmental Revenues and Expenses by Output Group - 1 July 2006 to 9 April 2007

Department of Communications, Information Technology and the Arts	Output Group 3.4	Output Group 3.5	Outcome 3 Total
	2007 \$'000	2007 \$'000	2007 \$'000
Departmental expenses			
Employees	-	3,742	32,962
Suppliers	-	1,718	14,763
Depreciation and amortisation	-	174	1,677
Grants	-	45	50
Other expenses	-	4	140
Total departmental expenses	-	5,683	49,592
Funded by:			
Revenues from Government	-	6,051	56,796
Sales of goods and services	-	4	35
Other non-taxation revenues	-	29	252
Total departmental revenues	-	6,084	57,083

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Note 29G: Major classes of Departmental Revenues and Expenses by Output Group - 10 April to 30 June 2007

Department of Communications, Information Technology and the Arts	Output 1.1	Outcome 1		Output 2.1		Outcome 2		Output 3.1		Outcome 3		Total Outcome	
	2007 \$'000	Total 2007 \$'000	Total 2007 \$'000	Total 2007 \$'000	Total 2007 \$'000	Total 2007 \$'000	Total 2007 \$'000	Total 2007 \$'000	Total 2007 \$'000	Total 2007 \$'000	Total 2007 \$'000	Total 2007 \$'000	Total 2007 \$'000
Departmental expenses													
Employees	7,503	7,503	991	991	11,664	11,664	11,664	11,664	11,664	11,664	11,664	20,158	20,158
Suppliers	6,615	6,615	502	502	11,705	11,705	11,705	11,705	11,705	11,705	11,705	18,822	18,822
Depreciation and amortisation	374	374	20	20	505	505	505	505	505	505	505	899	899
Grants	481	481	-	-	95	95	95	95	95	95	95	576	576
Other expenses	12	12	1	1	(78)	(78)	(78)	(78)	(78)	(78)	(78)	(65)	(65)
Total departmental expenses	14,985	14,985	1,514	1,514	23,891	23,891	23,891	23,891	23,891	23,891	23,891	40,390	40,390
Funded by:													
Revenues from Government	15,791	15,791	1,455	1,455	33,303	33,303	33,303	33,303	33,303	33,303	33,303	50,549	50,549
Sales of goods and services	740	740	-	-	29	29	29	29	29	29	29	769	769
Other non-taxation revenues	2,024	2,024	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	2,242	2,242
Total departmental revenues	18,555	18,555	1,453	1,453	33,552	33,552	33,552	33,552	33,552	33,552	33,552	53,560	53,560

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Note 29H: Major Classes of Administered Revenues and Expenses by Outcomes for the period 1 July to 2 December 2007*

Department of Communications, Information Technology and the Arts	Outcome 1		Outcome 2		Outcome 3		Total	
	2008	\$'000	2008	\$'000	2008	\$'000	2008	\$'000
Administered Income								
Interest	1		-		62,072		62,073	
Dividends	-		-		158,300		158,300	
Industry levies	-		-		-		-	
Net Gains on sale of assets	-		-		-		-	
Grant and subsidy refunds	448		179		555		1,182	
Refunds from prior year insurance premiums	-		-		-		-	
Other	2		-		186		188	
Total administered income	451		179		221,113		221,743	
Administered Expenses								
Grants	82,636		56,978		52,667		192,281	
Subsidies	-		-		21,035		21,035	
Suppliers	439		-		8,876		9,315	
Depreciation and amortisation	1,670		-		-		1,670	
Write-down and impairment of assets	8		(1)		(24)		(17)	
Other	-		-		1,918		1,918	
Total administered expenses	84,753		56,977		84,472		226,202	

* Comparative amounts are contained in Table 29J

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Note 29I: Major Classes of Administered Revenues and Expenses by Outcomes for the period 3 December 2007 to 30 June 2008*

Department of Broadband, Communications and the Digital Economy	Outcome 1	Total
	2008 \$'000	2008 \$'000
Administered Income		
Interest	101,225	101,225
Dividends	148,000	148,000
Industry levies	-	-
Net Gains on sale of assets	-	-
Grant and subsidy refunds	5,924	5,924
Refunds from prior year insurance premiums	-	-
Other	205	205
Total administered income	255,354	255,354
Administered Expenses		
Grants	53,007	53,007
Subsidies	65,053	65,053
Suppliers	5,513	5,513
Depreciation and amortisation	-	-
Write-down and impairment of assets	6,092	6,092
Other	2,970	2,970
Total administered expenses	132,635	132,635

* Comparative amounts are contained in Table 29J

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Note 29J: Major Classes of Administered Revenues and Expenses by Outcomes for the period 1 July 2006 to 30 June 2007

	Comparative Year			
	Outcome 1 2007 \$'000	Outcome 2 2007 \$'000	Outcome 3 2007 \$'000	Total 2007 \$'000
Administered Income				
Interest	-	-	131,837	131,837
Dividends	-	-	1,181,869	1,181,869
Industry levies	-	-	3,710	3,710
Net Gains on sale of assets	-	-	16,778,795	16,778,795
Grant and subsidy refunds	1,218	646	303	2,167
Refunds from prior year insurance premiums	677	-	-	677
Other	-	-	4	4
Total administered income	1,895	646	18,096,518	18,099,059
Administered Expenses				
Grants	152,269	29,808	89,868	271,945
Subsidies	-	-	168,746	168,746
Suppliers	1,226	2,385	1,593	5,204
Depreciation and amortisation	3,569	-	-	3,569
Write-down and impairment of assets	151	143	54	348
Other	17,529	-	4,403	21,932
Total administered expenses	174,744	32,336	264,664	471,744

Section 6 Other information

Glossary of terms

Accrual accounting	System of accounting where items are brought to account and included in the financial statements as they are earned or incurred, rather than as they are received or paid.
Accrual budget	A comprehensive budget incorporating assets, liabilities and revenues, as well as cash receipts and expenditures. Thus an accrual budget is an extension of the cash budget, focusing on all the resource implications of the strategic and operational plan.
Activity	What an agency does to convert inputs into outputs.
Administered items	Expenses, revenues, assets or liabilities managed by agencies on behalf of the Commonwealth. Agencies do not control administered items. Administered expenses include grants, subsidies and benefits. In many cases, administered expenses fund the delivery of third party outputs.
Additional estimates	Where amounts appropriated at Budget time are insufficient, Parliament may appropriate more funds to portfolios through the Additional Estimates Acts.
Agency	Agencies are departments of state, departments of parliament and 'prescribed agencies' for the purposes of the <i>Financial Management and Accountability Act 1997</i> . Where the term is used generally in this document, it is meant to refer to departments, agencies, authorities and non-commercial companies.
Appropriation	An authorisation by Parliament to spend moneys from the Consolidated Revenue Fund for a particular purpose.
APS employee	A person engaged under section 22 of the <i>Public Service Act 1999</i> .
Assets	Future economic benefits controlled by an entity as a result of past transactions or other past events.
Australian Workplace Agreements	An Australian Workplace Agreement (AWA) is a formalized individual employment contract that is registered by the Workplace Authority.

Average staffing level	The average number of employees receiving salary or wages over the financial year, with adjustments for casual and part-time employees to show the full-time equivalent.
Collective agreement	A certified agreement is a written agreement about working conditions and wages made between an employer and its employees.
Chief Executive Instructions	Instructions issued by the Secretary of the Department for the administration of the department under 5.52 Management and Accountability Act Regulation 6 1997.
Competitive tendering and contracting	The process of contracting out the delivery of government activities previously performed by a Commonwealth agency to another organisation. The activity is submitted to competitive tender, and the preferred provider of the activity is selected from the range of bidders by evaluating offers against predetermined selection criteria.
Consultancy services	<p>Consultancy services are one particular type of service delivered under a contract for services. They are distinguished from other contracts for services by the nature of the work performed. A consultant is an entity, whether an individual, a partnership or a corporation, engaged to provide professional, independent and expert advice or services. Typically, the term consultancy services is used to describe the application of expert professional skills to: investigate or diagnose a defined issue or problem, carry out defined research, reviews or evaluations; or to provide independent advice, information or creative solutions to assist the agency in management decision making.</p> <p>A consultancy contract will typically define the nature and purpose of the task to be performed but not (in any detail) the manner in which the task is to be performed. By contrast, other (non-consultancy) contracts for services will typically be far more restrictive in the degree of latitude afforded to the contractor.</p>

Corporate governance	The process by which agencies are directed and controlled. It is generally understood to encompass authority, accountability, stewardship, leadership, direction and control.
Departmental items	Resources directly controlled by agencies, including salaries and allowances.
Depreciation	An expense recognised systematically for the purpose of allocating the cost of a non-current asset over its useful life.
Discretionary grants	Payments where the portfolio minister and paying agency have discretion in determining whether or not a particular applicant receives funding and may or may not impose conditions in return for the grant.
Expense	Total value of all of the resources consumed in producing goods and services.
Financial results	The results shown in the financial statements of an agency.
Internal auditing	Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
Liabilities	Future sacrifices of economic benefits that an entity is presently obliged to make to other entities as a result of past transactions or other past events.
Non-ongoing APS employee	An APS employee who is not an ongoing APS employee.
Ongoing APS employee	A person engaged as an ongoing APS employee as mentioned in paragraph 22(2)(a) of the <i>Public Service Act 1999</i> .
Outcomes	The results, impacts or consequences of actions by the Commonwealth on the Australian community. Planned outcomes are the results or impacts that the Australian Government wishes to achieve. Actual outcomes are the results or impacts actually achieved.
Outputs	The goods and services an agency produces to contribute to the achievement of an outcome.

Portfolio Additional Estimates Statements	Similar to the Portfolio Budget Statements and prepared at Additional Estimates time to support an update on the Australian Government's original annual budget for the department.
Portfolio Budget Statements	A document presented by the Minister to Parliament to inform the Parliament of the basis for the department's budget appropriations in support of the provisions in Appropriation Bills 1 and 2. The statements summarise the department's budget and provide detail of outcome performance forecasts and resources in order to justify expenditure.
Risk management	The culture, frameworks and structures that are directed towards the effective management of potential opportunities and adverse effects. Risk management involves the systematic application of management policies, procedures and practices to the steps of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risk.
Service charters	A service charter is a public statement about the service that a department will provide and what customers can expect from the department.
Special appropriations	Moneys appropriated by Parliament in an Act separate to an annual Appropriation Act, where the payment is for a specified amount. Special appropriations are not subject to Parliament's annual budget control, unlike the annual appropriations.

Glossary of acronyms

3G	Third-generation technology
ABC	Australian Broadcasting Corporation
ABG	Australian Broadband Guarantee
ACMA	Australian Communications and Media Authority
ADSL	asymmetric digital subscriber line
ADSL2+	asymmetric digital subscriber line version 2
AMRAP	Australian Music Radio Airplay Project
APEC	Asia-Pacific Economic Cooperation
APS	Australian Public Service
APSC	Australian Public Service Commission
APT	Asia-Pacific Telecommunity
AWA	Australian Workplace Agreements
BIA	Backing Indigenous Ability
CCIF	Coordinated Communications Infrastructure Fund
CDMA	code division multiple access
CEI	Chief Executive's Instruction
DAU	Divisional Administration unit
DBCDE	Department of Broadband, Communications and the Digital Economy
DCITA	Department of Communications, Information Technology and the Arts
DSL	Digital subscriber line
FMA	Financial Management Act
HR	Human Resources
ICANN	Internet Corporation for Assigned Names and Numbers
ICT	Information and communications technology
IT	Information technology
ITU	International Telecommunications Union
NICTA	National ICT Australia
OECD	Organisation for Economic Cooperation and Development
OH&S	occupational health and safety
PCMS	Parliamentary Correspondence Management System
PhD	Doctor of Philosophy
SBS	Special Broadcasting Service Corporation
SES	senior executive service
TAPRIC	Telecommunications Action Plan for Remote Indigenous Communities
VOIP	voice over internet protocol
WRC-07	World Radiocommunication Conference

Corrections to the 2006–07 annual report

SECTION 3—MANAGEMENT AND ACCOUNTABILITY

The section on consultants on page 150 of the Department’s annual report for 2006–07 incorrectly referred to the total number of consultancy contracts let during the reporting period as a total of 271 consultancy contracts, incurring a total expenditure for the year of \$9 771 562.44. This should have referred to a total of 274 consultancy contracts incurring a total expenditure for the year of \$9 999 920.39

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